

100TH CONGRESS
1ST SESSION

H. R. 1720

IN THE SENATE OF THE UNITED STATES

DECEMBER 17 (legislative day, DECEMBER 15), 1987

Received; read twice and referred to the Committee on Finance

AN ACT

To replace the existing AFDC program with a new Family Support Program which emphasizes work, child support, and need-based family support supplements, to amend title IV of the Social Security Act to encourage and assist needy children and parents under the new program to obtain the education, training, and employment needed to avoid long-term welfare dependence, and to make other necessary improvements to assure that the new program will be more effective in achieving its objectives.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION. 1. SHORT TITLE; TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Family Welfare Reform Act of 1987”.

1 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. AFDC replaced by family support program.

TITLE I—NATIONAL EDUCATION, TRAINING, AND WORK (NETWORK) PROGRAM

Sec. 101. Requirement of State programs.

Sec. 102. Establishment and operation of State programs; amendments to title IV-A and related provisions.

Sec. 103. Operation of State programs; amendments to title IV-C and related provisions.

Sec. 104. WIN transition.

Sec. 105. Additional activities.

Sec. 106. Technical and conforming amendments.

Sec. 107. Effective date.

TITLE II—DAY CARE, TRANSPORTATION, AND OTHER WORK- RELATED EXPENSES

Sec. 201. Payment of expenses by States.

Sec. 202. Development of new child care resources.

Sec. 203. Effective date.

TITLE III—REAL WORK INCENTIVES

Sec. 301. Changes in earned income disregards.

Sec. 302. Effective date.

TITLE IV—TRANSITIONAL SERVICES FOR FAMILIES; EXTENSION OF MEDICAID ELIGIBILITY

Sec. 401. Medicaid extension in cases of FSP ineligibility resulting from caretaker's employment.

Sec. 402. Medicaid extension in cases of FSP ineligibility resulting from collection of child or spousal support.

Sec. 403. Effective date.

TITLE V—CHILD SUPPORT ENFORCEMENT AMENDMENTS

Sec. 501. State guidelines for child support award amounts.

Sec. 502. Establishment of paternity.

Sec. 503. Demonstration projects to address visitation and custody problems.

Sec. 504. Disregarding of child support payments for FSP purposes.

Sec. 505. Requirement of prompt State response to requests for child support assistance.

Sec. 506. Automated tracking and monitoring systems.

Sec. 507. Costs of interstate enforcement demonstrations excluded in computing incentive payments.

Sec. 508. Federal matching reduced for States which are not in compliance with 1984 amendments, and increased for States which require immediate income withholding upon issuance of court order.

Sec. 509. Commission on interstate enforcement.

Sec. 510. Study of child-raising costs.

Sec. 511. Demonstration projects to test voluntary work, education, and training for fathers who are unable to pay child support.

- Sec. 512. Collection and reporting of child support enforcement data.
- Sec. 513. Assistance in locating absent parents.
- Sec. 514. Effective date.

TITLE VI—PRO-FAMILY WELFARE POLICIES

- Sec. 601. Requirement that aid be provided with respect to dependent children in two-parent families.
- Sec. 602. Special provisions for families headed by minor parents.

TITLE VII—BENEFIT IMPROVEMENTS

- Sec. 701. Periodic re-evaluations of need and payment standards.
- Sec. 702. Encouragement of States to increase FSP benefit levels.
- Sec. 703. Study of new national approaches to welfare benefits for low-income families with children.

TITLE VIII—MISCELLANEOUS PROVISIONS

- Sec. 801. Coordination of family support and food stamp policies.
- Sec. 802. Uniform reporting requirements.
- Sec. 803. State reports on expenditure and use of social service funds.
- Sec. 804. Evaluation of education, training, and work programs and related programs.
- Sec. 805. Demonstration program of grants to provide permanent housing for families that would otherwise require emergency assistance.
- Sec. 806. Child support demonstration project in New York State.
- Sec. 807. Demonstration of family independence program in Washington State.
- Sec. 808. Study of housing problems of FSP families.
- Sec. 809. Requirement of continued treatment for drug addiction or alcoholism as condition of eligibility.
- Sec. 810. Inclusion of American Samoa in FSP program.
- Sec. 811. Increase in limitation on payments to Puerto Rico, the Virgin Islands, and Guam.
- Sec. 812. Technical and conforming amendments relating to replacement of AFDC program by family support program.
- Sec. 813. General effective date.

TITLE IX—FUNDING PROVISIONS

- Sec. 901. 3-year extension of provisions relating to collection of non-tax debts owed to Federal agencies.
- Sec. 902. Expenses of overnight camps not allowable for dependent care credit.
- Sec. 903. Phaseout of dependent care credit where taxpayer's adjusted gross income exceeds \$65,000.
- Sec. 904. Disallowance of deductions for expenditures in connection with criminal activities.

TITLE X—FOOD STAMP PROGRAM

- Sec. 1001. Short title.
- Sec. 1002. Categorical eligibility.
- Sec. 1003. Exclusion for certain educational expenses.
- Sec. 1004. Exclusion of child support payments received.
- Sec. 1005. Exclusion for two-party payments made for agricultural commodities.
- Sec. 1006. Exclusion for advance payment of earned income credit.
- Sec. 1007. Deduction for dependent care.

Sec. 1008. Annualizing self-employment income and expenses from farming.

Sec. 1009. Reliance on past self-employment income from farming.

Sec. 1010. Exclusion of certain property from resources.

Sec. 1011. Eligibility of students.

Sec. 1012. Employment and training programs.

Sec. 1013. Farm households.

Sec. 1014. Hours of operation.

Sec. 1015. Notice of expiration; coordinated application.

Sec. 1016. Washington Family Independence Demonstration Project.

Sec. 1017. Family Independence Demonstration Projects.

Sec. 1018. Issuance of rules.

Sec. 1019. Severability.

Sec. 1020. Effective dates; application of amendments.

1 **SEC. 2. AFDC REPLACED BY FAMILY SUPPORT PROGRAM.**

2 The program under part A of title IV of the Social Se-
 3 curity Act, heretofore known as the program of aid to fami-
 4 lies with dependent children, shall hereafter be known as the
 5 Family Support Program. The aid payable to needy families
 6 with dependent children in accordance with State plans ap-
 7 proved under section 402 of such Act shall hereafter be
 8 called family support supplements, or aid in the form of
 9 family support supplements, as more specifically provided in
 10 the amendments made by this Act; and all references to
 11 “aid” under such plans shall hereafter (to the extent that
 12 they relate to periods on or after the date of the enactment of
 13 this Act) be deemed to be references to such aid in the form
 14 of family support supplements.

15 **TITLE I—NATIONAL EDUCATION, TRAINING,** 16 **AND WORK (NETWORK) PROGRAM**

17 **SEC. 101. REQUIREMENT OF STATE PROGRAMS.**

18 Section 402(a)(19) of the Social Security Act is amend-
 19 ed to read as follows:

“(19) provide that the State has in effect and operation an education, training, and work program approved by the Secretary (in consultation with the Secretary of Labor) as meeting all the requirements of section 416 and of part C of this title;”.

SEC. 102. ESTABLISHMENT AND OPERATION OF STATE PROGRAMS; AMENDMENTS TO TITLE IV-A AND RELATED PROVISIONS.

(a) IN GENERAL.—Part A of title IV of such Act is amended by adding at the end thereof the following new section:

“NATIONAL EDUCATION, TRAINING, AND WORK PROGRAM

“SEC. 416. (a) PURPOSE.—It is the purpose of this section to assure that needy children and parents obtain the education, training, and employment which will help them avoid long-term welfare dependence.

“(b) ESTABLISHMENT AND OPERATION OF PROGRAMS.—(1) As a condition of its participation in the Family Support Program under this part, each State shall establish and operate an education, training, and work program which has been approved by the Secretary (in consultation with the Secretary of Labor) as meeting all of the requirements of this section (and of part C), and shall make the program available in each political subdivision of the State where it is feasible to do so after taking into account the number of prospective participants, the local economy, and other relevant factors.

1 The Secretary's approval shall be based on a plan setting
2 forth and describing the program in such detail as will enable
3 the Secretary to determine whether all of the requirements of
4 this section are met, and estimating the number of persons to
5 be served, which shall be submitted by the State on or before
6 the effective date of this section and which, if the State has
7 determined that the program is not to be available in all of its
8 political subdivisions, shall include appropriate justification
9 for that determination.

10 “(2) Each State education, training, and work program
11 under this section shall include private sector and local gov-
12 ernment involvement through administrative entities under
13 section 4(2) of the Job Training Partnership Act in planning
14 and program design to assure that participants are trained for
15 jobs that will actually be available in the community.

16 “(3) The State agency which administers or supervises
17 the administration of the State's plan approved under section
18 402 shall be responsible for the operation and administration
19 of the State's education, training, and work program under
20 this section.

21 “(4) Federal funds made available to a State for pur-
22 poses of the program under this section shall be used to aug-
23 ment and expand existing services and activities which pro-
24 mote the purpose of this section, and shall not in whole or in

1 part replace or supplant any State or local funds already
2 being expended for that purpose.

3 “(c) PARTICIPATION.—(1) Each adult recipient of
4 family support supplements in the State who is not exempt
5 under paragraph (4) shall be required to participate in the
6 program under this section to the extent that the program is
7 available in the political subdivision where he or she resides
8 and State resources otherwise permit. The State agency shall
9 take such action as may be necessary to ensure that each
10 recipient of such supplements (including each such recipient
11 who is exempt under paragraph (4)) is notified and fully in-
12 formed concerning the education, training, and work opportu-
13 nities offered under the program.

14 “(2) The State may require participation in the program
15 under this section by recipients who are not exempt under
16 paragraph (4) (hereinafter referred to as ‘mandatory partici-
17 pants’), and shall also extend the opportunity to participate in
18 the program to recipients who are exempt under paragraph
19 (4) (hereinafter referred to as ‘voluntary participants’). The
20 State shall actively encourage voluntary participants to par-
21 ticipate in the program, and shall from time to time furnish to
22 the Secretary appropriate assurances that it is doing so.

23 “(3) With the objective of making the most effective
24 possible use of the State’s resources and identifying the fami-
25 lies which most urgently need the services and activities pro-

1 vided under the program under this section, the program
2 shall establish (and the plan submitted under subsection (b)(1)
3 shall designate) specific target populations including—

4 “(A) families with a teenage parent, and families
5 with a parent who was under 18 years of age when
6 the first child was born;

7 “(B) families that have been receiving aid to fami-
8 lies with dependent children or family support supple-
9 ments continuously for two or more years;

10 “(C) families with a parent who lacks a high
11 school diploma or its equivalent; and

12 “(D) families in which the youngest child is within
13 two years of being ineligible for family support supple-
14 ments because of his or her age.

15 For purposes of subparagraph (B), a family that has received
16 aid to families with dependent children or family support sup-
17 plements for at least 20 months out of any period of 24 con-
18 secutive months shall be treated as having received such aid
19 or supplements continuously during that period.

20 “(4) The following are exempt from participation in the
21 program under this section:

22 “(A) an individual who is ill, incapacitated, or 60
23 years of age or over;

1 “(B) an individual who is needed in the home be-
2 cause of the illness or incapacity of another family
3 member;

4 “(C) the parent or other caretaker relative of a
5 child under 3 years of age (subject to the last sentence
6 of this paragraph), except as provided in paragraph (6);

7 “(D) an individual who is working 20 or more
8 hours a week;

9 “(E) a child who is under the age of 16 or attend-
10 ing, full time, an elementary, secondary, or vocational
11 (or technical) school, except in the case of a minor
12 parent with respect to whom the State has exercised
13 its option under section 417(c);

14 “(F) a woman who is pregnant; and

15 “(G) an individual who resides in an area of the
16 State where the program is not available.

17 In the case of a two-parent family to which section 407 ap-
18 plies, the exemption under subparagraph (C) shall apply only
19 to one parent or other caretaker relative; but the State may
20 at its option make such exemption inapplicable in any such
21 case to both of the parents or relatives involved (and require
22 their participation in the program, at least one of them on a
23 full-time basis) if appropriate child care is guaranteed in ac-
24 cordance with the applicable provisions of such subpara-
25 graph.

1 “(5) If the parent or other caretaker relative or any de-
2 pendent child in the family is attending (in good standing) a
3 school, an accredited postsecondary institution (as defined in
4 section 4(18) of the Job Training Partnership Act), or a
5 course of vocational or technical training (not less than half
6 time) consistent with the individual’s employment goals, at
7 the time he or she would otherwise commence participation
8 (as a mandatory participant or a voluntary participant) in the
9 program under this section, such attendance shall constitute
10 satisfactory participation in the educational or training com-
11 ponent of the program (by that caretaker or child) so long as
12 it continues; and the family support plan (entered into under
13 subsection (f)) shall so indicate. Any other activities in which
14 the individual participates may not be permitted to interfere
15 with such school or training. The costs of such school or
16 training shall not constitute federally reimbursable expenses
17 for purposes of section 403 (but this sentence shall not pre-
18 vent the State from providing or making reimbursement for
19 the cost of day care, transportation, and other services which
20 are necessary for such attendance in accordance with section
21 402(g)(1) and are included in the family support plan).

22 “(6) With respect to the application and administration
23 of paragraph (4)(C)—

24 “(A) the State may not require participation in
25 the program by a parent or other caretaker relative of

1 a child who has attained 3 years of age but not 6 years
2 of age unless day care is guaranteed to such relative
3 and his or her participation is on a part-time basis;

4 “(B) the State shall permit and encourage partici-
5 pation in the program (and waive the exemption pro-
6 vided by such paragraph) in the case of parents and
7 other caretaker relatives of children who have not at-
8 tained 3 years of age, where day care is guaranteed to
9 the relative involved and his or her participation is on
10 a part-time basis; and

11 “(C) the Secretary may permit the State at its
12 option to require participation in the program (and
13 waive the exemption provided by such paragraph) in
14 the case of parents and other caretaker relatives whose
15 youngest child has attained 1 year of age but not 3
16 years of age if (i) the State demonstrates to the satis-
17 faction of the Secretary that appropriate infant care for
18 each such child who has not attained 3 years of age
19 can be guaranteed within the applicable dollar limita-
20 tions set forth in section 402(g)(1), and (ii) such rela-
21 tive’s participation will be on a part-time basis and will
22 emphasize, as a first priority, education and training
23 including parenting and nutrition education (especially
24 in the case of first-time parents).

1 For purposes of this paragraph, participation is on a part-
2 time basis only if it is for no more than 20 hours per week.

3 “(d) PRIORITIES.—(1) To the extent that the resources
4 available to a State are not adequate to accommodate the
5 provision of services to all mandatory participants and volun-
6 tary participants, the selection of the families to whom serv-
7 ices are to be provided under the program under this section
8 shall be made (subject to paragraphs (2), (3), and (4) of this
9 subsection) in accordance with the following priorities:

10 “(A) First priority shall be given to voluntary par-
11 ticipants who are members of families which meet the
12 requirements of two or more of the four subparagraphs
13 in subsection (c)(3).

14 “(B) Second priority shall be given to mandatory
15 participants who are members of families which meet
16 the requirements of two or more of the four subpara-
17 graphs in subsection (c)(3).

18 “(C) Third priority shall be given to voluntary
19 participants not described in subparagraph (A).

20 “(D) Fourth priority shall be given to all other
21 mandatory participants.

22 “(2) Among the mandatory participants described in
23 subparagraph (B) or (D) of paragraph (1), first consideration
24 shall be given to those who actively seek to participate in the
25 program.

1 “(3) In the case of a State which provides satisfactory
2 assurances that it will make available the resources to serve
3 all mandatory participants and voluntary participants within
4 a 3-year period after the effective date of this section, para-
5 graph (1) shall not apply until the expiration of such 3-year
6 period.

7 “(4) If a voluntary participant drops out of the program
8 under this section after having commenced participation in
9 such program, he or she shall thereafter be given no priority
10 under paragraph (1) so long as other mandatory or voluntary
11 participants are actively seeking to participate.

12 “(e) ORIENTATION.—(1)(A) The State agency shall pro-
13 vide each applicant for family support supplements with ori-
14 entation to the program under this section, including full in-
15 formation (verbally and in writing) about the opportunities
16 offered by the program, the obligations of the State agency,
17 and the rights, responsibilities, and obligations of participants
18 in the program. The orientation shall include descriptions of
19 all supportive services including day care services and avail-
20 able health coverage transition options; and the applicant
21 shall be explicitly informed that day care must be provided, in
22 accordance with section 402(g), to any parent who needs it,
23 and that child care must be appropriate for the age and indi-
24 vidual needs of the child or children involved. Such orienta-
25 tion shall also be available at any time to recipients of family

1 support supplements who did not receive orientation under
2 this subsection at the time of their initial application for such
3 supplements or who need additional information about the
4 program.

5 “(B) As part of such orientation, an agency representa-
6 tive knowledgeable about child care, or the local resource
7 and referral agency where available, shall also (i) provide in-
8 formation on the types and locations of child care services
9 within the geographical area reasonably accessible to partici-
10 pants, (ii) inform participants that assistance is available to
11 help them select appropriate child care services, and (iii) upon
12 request, provide assistance to recipients who will be partici-
13 pating in the program to obtain such child care services.

14 “(2) During the orientation described in paragraph (1),
15 each applicant for or recipient of family support supplements
16 shall be informed of the exemptions provided under subsec-
17 tion (c)(4), and of the consequences of a refusal to participate
18 in the program if not so exempt. Whether or not such appli-
19 cant or recipient is so exempt, he or she shall be informed of
20 the opportunity to receive first consideration for services by
21 actively seeking to participate in the program and shall be
22 given appropriate opportunities to indicate his or her desire
23 to participate at the end of the orientation session. Each such
24 applicant or recipient shall also be notified in writing, within
25 a month after the orientation, of the opportunity to indicate

1 his or her desire to participate in the program, including a
2 clear description of how to enter the program.

3 “(f) ASSESSMENT AND FAMILY SUPPORT PLAN.—The
4 State agency shall make an initial assessment of the educa-
5 tional, child care, and other supportive services needs as well
6 as the skills, prior work experience, and employability of
7 each participant in the program under this section, including
8 a review of the family circumstances and of the needs of the
9 children as well as those of the adult caretaker. The assess-
10 ment of the educational needs of each participant shall in-
11 clude testing of literacy and reading skills. On the basis of
12 such assessment, the State agency and the participating
13 members of the family (or the caretaker relative with respect
14 to any such participant who is a minor) shall negotiate a
15 family support plan for the family. The family support plan
16 shall set forth and describe all of the activities in which par-
17 ticipants in the family will take part under the program, in-
18 cluding child care and other supportive services, and shall, to
19 the maximum extent possible and consistent with this section,
20 reflect the respective preferences of such participants. Child
21 care must be appropriate for the age and individual needs of
22 the child or children involved.

23 “(g) AGENCY-CLIENT AGREEMENT AND CASE MAN-
24 AGEMENT.—(1)(A) Following the initial assessment and the
25 development of the family support plan with respect to any

1 family under this section, the State agency and the partici-
2 pating members of the family (or the caretaker relative in the
3 family with respect to participants who are minors) shall ne-
4 gotiate and enter into an agency-client agreement
5 including—

6 “(i) a commitment by the participants (or caretak-
7 er relative) to participate in the program in accordance
8 with the family support plan,

9 “(ii) a description in detail of the activities in
10 which the participants will take part and the conditions
11 and duration of such participation, and

12 “(iii) a description in detail of all of the activities,
13 including child care and other supportive services,
14 which the State will arrange and the services which
15 the State will provide in the course of such par-
16 ticipation.

17 “(B) Each participant (or caretaker relative) shall be
18 given such assistance as may be required in reviewing and
19 understanding the family support plan and his or her obliga-
20 tions and those of the agency as specified in the agency-client
21 agreement. Prior to signing the agency-client agreement,
22 each participant shall be afforded an opportunity, for a period
23 not to exceed 10 days, to review the proposed agreement, to
24 request additional information concerning its terms and con-
25 tents, and to renegotiate any appropriate provision of the

1 agreement which he or she deems necessary. The agency
2 representative responsible for implementation of the agree-
3 ment shall also sign it.

4 “(2)(A) Each participant shall be guaranteed an oppor-
5 tunity for a fair hearing before the State agency in the event
6 of a dispute involving the contents of the family support plan,
7 the contents or signing of the agency-client agreement (in the
8 event that the agency representative and the participant are
9 unable to reach an agreement), the nature or extent of his or
10 her participation in the program as specified therein, the
11 availability of child care and other supportive services speci-
12 fied in the family support plan, or any other aspect of such
13 participation which is provided for under this section (includ-
14 ing a dispute involving the imposition of sanctions under sub-
15 section (l) and the participant’s right to conciliation before
16 any such sanction is imposed); and the agency-client agree-
17 ment shall so provide.

18 “(B) In no case shall any agency-client agreement en-
19 tered into pursuant to this subsection give rise to a cause of
20 action against the Federal Government or any officer or
21 agency thereof on the grounds of the failure of any party to
22 such agreement to observe its terms.

23 “(3) The State agency shall assign to each participating
24 family a member of the agency staff to provide case manage-
25 ment services to the family; and the case manager so as-

1 signed shall be responsible for (A) obtaining or brokering, on
2 behalf of the family, any other services which may be needed
3 to assure the family's effective participation, (B) monitoring
4 the progress of the participant, and (C) periodically reviewing
5 and renegotiating the family support plan and the agency-
6 client agreement as appropriate. Amounts expended in pro-
7 viding case management services under this paragraph shall
8 be considered, for purposes of section 403(a)(3)(C), to be ex-
9 penditures for the proper and efficient administration of the
10 State plan.

11 “(h) RANGE OF SERVICES AND ACTIVITIES.—In carry-
12 ing out the program under this section, each State must
13 make available, in accordance with the applicable provisions
14 of this section and part C, a broad range of services and
15 activities designed to assist in carrying out the purpose of this
16 section.

17 “(i) WORK SUPPLEMENTATION PROGRAMS.—(1) Any
18 State may institute a work supplementation program under
19 which such State, to the extent it considers appropriate, may
20 reserve the sums which would otherwise be payable to par-
21 ticipants in the program under this section as family support
22 supplements under the State plan approved under this part
23 and use such sums instead for the purpose of providing and
24 subsidizing jobs for such participants (as described in para-
25 graph (3)(C) (i) and (ii)), as an alternative to the supplements

1 which would otherwise be so payable to them under such
2 plan.

3 “(2)(A) Notwithstanding any other provision of law,
4 Federal funds may be paid to a State under this part, subject
5 to the provisions of this section, with respect to expenditures
6 incurred in operating a work supplementation program under
7 this subsection.

8 “(B) Nothing in this part, or in any State plan approved
9 under this part, shall be construed to prevent a State from
10 operating (on such terms and conditions and in such cases as
11 the State may find to be necessary or appropriate) a work
12 supplementation program in accordance with this subsection.

13 “(C) Notwithstanding any other provision of law, a
14 State may adjust the levels of the standards of need under
15 the State plan to the extent the State determines such adjust-
16 ments to be necessary and appropriate for carrying out a
17 work supplementation program under this subsection.

18 “(D) Notwithstanding any other provision of law, a
19 State operating a work supplementation program under this
20 subsection may provide that the need standards in effect in
21 those areas of the State in which such program is in oper-
22 ation may be different from the need standards in effect in the
23 areas in which such program is not in operation, and such
24 State may provide that the need standards for categories of
25 recipients of family support supplements may vary among

1 such categories to the extent the State determines to be ap-
2 propriate on the basis of ability to participate in the work
3 supplementation program.

4 “(E) Notwithstanding any other provision of law, a
5 State may make further adjustments in the amounts of the
6 family support supplements paid under the plan to different
7 categories of recipients (as determined under subparagraph
8 (D)) in order to offset increases in benefits from needs-related
9 programs (other than the State plan approved under this
10 part), to the extent the State determines such adjustments to
11 be necessary and appropriate to further the purposes of the
12 work supplementation program.

13 “(F) In determining the amounts to be reserved and
14 used for providing and subsidizing jobs under this subsection
15 as described in paragraph (1), the State may use a sampling
16 methodology.

17 “(G) Notwithstanding section 402(a)(8) or any other
18 provision of law, a State operating a work supplementation
19 program under this subsection may reduce or eliminate the
20 amount of earned income to be disregarded under the State
21 plan to the extent the State determines such a reduction or
22 elimination to be necessary and appropriate to further the
23 purposes of the work supplementation program.

24 “(3)(A) A work supplementation program operated by a
25 State under this subsection shall provide that any individual

1 who is an eligible individual (as determined under subpara-
2 graph (B)) shall take a supplemented job (as defined in sub-
3 paragraph (C)) to the extent that supplemented jobs are
4 available under the program. Payments by the State to indi-
5 viduals or employers under the program shall be treated as
6 expenditures incurred by the State for family support supple-
7 ments under the State plan for purposes of section 403(a) (1)
8 and (2), except as limited by paragraph (4).

9 “(B) For purposes of this subsection, an eligible individ-
10 ual is an individual (not exempt under subsection (c)(4)) who
11 is in a category which the State determines should be eligible
12 to participate in the work supplementation program, and who
13 would, at the time of his or her placement in the job involved,
14 be eligible for family support supplements under the State
15 plan if such State did not have a work supplementation pro-
16 gram in effect.

17 “(C) For purposes of this subsection, a supplemented job
18 is—

19 “(i) a job provided to an eligible individual by the
20 State or local agency administering the State plan
21 under this part; or

22 “(ii) a job provided to an eligible individual by any
23 other employer for which all or part of the wages are
24 paid by such State or local agency.

1 A State may provide or subsidize any job under the program
2 under this section which such State determines to be
3 appropriate.

4 “(D) At the option of the State, individuals who hold
5 supplemented jobs under a State’s work supplementation pro-
6 gram shall be exempt from the retrospective budgeting re-
7 quirements imposed pursuant to section 402(a)(13)(A)(ii) (and
8 the amount of the aid which is payable to the family of such
9 individual for any month, or which would be so payable but
10 for the family’s participation in the work supplementation
11 program, shall be determined on the basis of the income and
12 other relevant circumstances in that month).

13 “(E) Subsections (a) through (f) of section 435 shall
14 apply with respect to assignments of eligible individuals to
15 supplemented jobs under this subsection.

16 “(4) The amount of the Federal payment to a State
17 under section 403(a) for expenditures incurred in making
18 payments to individuals and employers under a work supple-
19 mentation program under this subsection shall not exceed an
20 amount equal to the amount which would otherwise be pay-
21 able under paragraph (1) or (2) of such section if the family of
22 each individual employed in the program had received the
23 maximum amount of family support supplements payable
24 under the State plan to such a family with no income (with-
25 out regard to adjustments under paragraph (2) of this subsec-

1 tion) for a period of months equal to the lesser of (A) nine
2 months, or (B) the number of months in which such individual
3 was employed in such program. Expenditures so incurred
4 shall be considered to have been made for family support sup-
5 plements under the State plan for purposes of section 403(a)
6 (1) and (2).

7 “(5) Wages paid under a work supplementation program
8 shall be considered to be earned income for purposes of any
9 provision of law.

10 “(6) Any State which chooses to operate a work supple-
11 mentation program under this subsection must provide that
12 any individuals who participate in such program, and any
13 child or relative of such individual (or other individual living
14 in the same household as such individual) who would be eligi-
15 ble for family support supplements under the State plan ap-
16 proved under this part if such State did not have a work
17 supplementation program, shall be considered individuals
18 receiving family support supplements under the State plan
19 approved under this part for purposes of eligibility for medical
20 assistance under the State plan approved under title XIX.

21 “(j) COMMUNITY WORK EXPERIENCE PROGRAMS.—
22 (1)(A) Any State which chooses to do so may establish a
23 community work experience program in accordance with this
24 subsection. The purpose of the community work experience
25 program is to provide marketable work experience and train-

1 ing for individuals who are not otherwise able to obtain
2 employment through a combination of work experience and
3 training or educational activities as part of a planned
4 sequence set forth in the participant's family support plan.
5 Such programs shall be designed to move participants into
6 regular public or private employment.

7 “(B) Such programs must be able demonstrably—

8 “(i) to provide marketable skills to participants
9 without previous work experience,

10 “(ii) to upgrade the existing skills of people with
11 limited previous work experience, or

12 “(iii) to transform obsolete skills into marketable
13 skills.

14 “(2) Community work experience programs shall be lim-
15 ited to projects which serve a useful public purpose in fields
16 such as health, social service, environmental protection or
17 conservation, education, urban and rural development and
18 redevelopment, welfare, recreation, public facilities, public
19 safety, and day care. To the extent possible, the prior train-
20 ing, experience, and skills of a recipient shall be used in
21 making appropriate work experience assignments. Partici-
22 pants in a program under this subsection may not fill estab-
23 lished unfilled position vacancies.

24 “(3) A State which elects to establish a community
25 work experience program under this subsection shall operate

1 such program so that each participant (as determined by the
2 State) either—

3 “(A) works and undergoes training for a period
4 not exceeding 6 months, with the maximum number of
5 hours that any such individual may be required to work
6 and undergo training in any month being a number
7 equal to the amount of the family support supplements
8 payable with respect to the family of which such indi-
9 vidual is a member under the State plan approved
10 under this part, divided by the applicable wage rate
11 determined under section 435(d)(1) (and the portion of
12 a recipient’s benefit for which the State is reimbursed
13 by a child support payment shall not be taken into
14 account in determining the number of hours that such
15 individual may be required to work); or

16 “(B) performs unpaid work experience and train-
17 ing (for a combined total of not more than 30 hours a
18 week) for a period not exceeding 3 months.

19 Subsections (a) through (f) of section 435 shall apply with
20 respect to the assignment of participants to positions under
21 this section.

22 “(4) No participant shall be assigned to a position under
23 this subsection unless—

1 “(A) the participant’s initial assessment identifies
2 lack of recent work experience as a barrier to immedi-
3 ate placement in regular public or private employment;

4 “(B) the participant is unable to be placed in
5 employment;

6 “(C) the assignment is part of a planned sequence
7 of activities, specified in both the family support plan
8 and the agency-client agreement, which is designed to
9 prepare the participant for regular public or private
10 employment; and

11 “(D) the participant has not been employed during
12 the preceding 6 months.

13 “(5) Nothing contained in this subsection shall be con-
14 strued as authorizing the payment of family support supple-
15 ments under this part as compensation for work performed,
16 nor shall a participant be entitled to a salary or to any other
17 work or training expense provided under any other provision
18 of law by reason of his participation in a program under this
19 subsection.

20 “(6) Participants in community work experience pro-
21 grams under this subsection may perform work in the public
22 interest (which otherwise meets the requirements of this sec-
23 tion) for a Federal office or agency with its consent, and,
24 notwithstanding section 1342 of title 31, United States Code,
25 or any other provision of law, such agency may accept such

1 services, but such participants shall not be considered to be
2 Federal employees for any purpose.

3 “(7) If at the conclusion of his or her participation in a
4 community work experience program the individual has not
5 become employed, a reassessment with respect to such indi-
6 vidual shall be made and a new family support plan devel-
7 oped as provided in subsection (f). In no event shall any indi-
8 vidual who has completed the work and training activities
9 described in subparagraph (A) of paragraph (3), or the work
10 experience and training activities described in subparagraph
11 (B) of such paragraph, be required to repeat such activities
12 under either such clause.

13 “(8) The State shall provide coordination between a
14 community work experience program operated pursuant to
15 this subsection, any program of job search under subsection
16 (k), and the other work-related activities under the program
17 established by this section and part C so as to insure that job
18 placement will have priority over participation in the commu-
19 nity work experience program.

20 “(9) In the case of any State which makes expenditures
21 in the form described in paragraph (1) under its State plan
22 approved under section 402, expenditures for the provision of
23 training under a program under this subsection, for purposes
24 of section 403(a)(4) (and expenditures for the proper and effi-
25 cient administration of the State plan, for purposes of section

1 403(a)(3)), may not include the cost of making or acquiring
2 materials or equipment in connection with such training serv-
3 ices or the cost of supervision of work or training under such
4 program, and may include only such other costs attributable
5 to such program as are permitted by the Secretary.

6 “(k) JOB SEARCH.—(1) The State agency shall estab-
7 lish and carry out a program of job search for applicants and
8 participants in the program under this section. Job search
9 services may include training in job seeking skills, job search
10 and job club activities, job and career counseling, testing
11 and assessment, labor market information, and referral to
12 employers.

13 “(2) Participants in the program under this section shall
14 be encouraged and may be required to take part in job search
15 under this subsection, at such times, for such periods, and in
16 such manner as the State agency determines (in each particu-
17 lar case) will be most effective in serving the special needs
18 and interests of the individual involved and in carrying out
19 the purpose of this section. Job search by an applicant may
20 be required or provided for while his or her application is
21 being processed; and job search by a participant may be re-
22 quired or provided for after his or her initial assessment, after
23 his or her education or training, and at other appropriate
24 times during his or her participation in the program under
25 this section, as may be set forth in the agency-client agree-

1 ment entered into between such individual and the State
2 agency under subsection (g)(1) and as otherwise provided by
3 the State agency. No requirement imposed by the State
4 under the preceding provisions of this paragraph may be used
5 as a reason for any delay in making a determination of an
6 individual's eligibility for family support supplements or in
7 issuing a payment to or on behalf of any individual who is
8 otherwise eligible for such supplements.

9 “(3) Participation by an individual in job search under
10 this subsection, without participation in one or more other
11 services or activities offered under the program under this
12 section, shall not be sufficient to qualify as participation in
13 the program for any of the purposes of this section after it
14 has continued for 8 weeks without the individual obtaining a
15 job. In any such case (after 8 weeks of job search without
16 obtaining a job) the individual must engage in training, edu-
17 cation, or other activities designed to improve his or her pros-
18 pects for employment; and the family support plan developed
19 under subsection (f) shall so provide.

20 “(l) SANCTIONS.—(1)(A) If any mandatory participant
21 in the program under this section fails without good cause to
22 comply with any requirement imposed with respect to his or
23 her participation in such program—

24 “(i) the needs of such participant (whether or not
25 section 407 applies) shall not be taken into account in

1 making the determination with respect to his or her
2 family under section 402(a)(7), and

3 “(ii) if such participant is a member of a family
4 which is eligible for family support supplements by
5 reason of section 407, and his or her spouse is not par-
6 ticipating in the program, the needs of such spouse
7 shall also not be taken into account in making such
8 determination.

9 The sanction described in subparagraph (A) (and the sanction
10 described in subparagraph (B) if applicable) shall continue
11 until the participant’s failure to comply ceases; except that
12 such sanction shall continue for a minimum of 3 months if the
13 failure to comply is the participant’s second or a subsequent
14 such failure.

15 “(B) Failure by the State agency to carry out its obliga-
16 tions under the agency-client agreement entered into with a
17 participant under subsection (g) (including failure to provide
18 child care that is appropriate for the age and individual needs
19 of the child or children involved) shall constitute good cause
20 for the participant’s failure to comply.

21 “(2) No sanction shall be imposed under paragraph (1)
22 until appropriate notice thereof has been provided to the par-
23 ticipant involved, and until conciliation efforts have been
24 made to discuss and resolve the participant’s failure to
25 comply and to determine whether or not good cause for such

1 failure existed. In any event, when a failure to comply has
2 continued for 3 months the State agency shall promptly
3 remind the participant in writing of his or her option to end
4 the sanction by terminating such failure.

5 “(m) LOSS OF INCOME.—The State may not require a
6 participant in the program to accept a position under the pro-
7 gram (as work supplementation or otherwise) if accepting the
8 position would result in a net loss of income (including the
9 insurance value of any health benefits) to the participant or
10 his or her family; and in the event of a dispute over whether
11 or not the acceptance of a position would in fact result in
12 such a loss the participant shall be entitled thereon to a fair
13 hearing of the type described in section 402(a)(4).

14 “(n) REGULATIONS.—Within 6 months after the date of
15 the enactment of this section, the Secretary shall issue pro-
16 posed regulations for the purpose of implementing and carry-
17 ing out the program under this section and part C (except as
18 otherwise provided in section 435(h)), including regulations
19 establishing uniform data collection requirements; and within
20 9 months after such date the Secretary shall publish final
21 regulations for that purpose. Regulations issued under this
22 subsection shall be developed by the Secretary in consulta-
23 tion with the Secretary of Labor and with the responsible
24 State agencies described in subsection (b)(3).”.

1 (b) FEDERAL FINANCIAL PARTICIPATION.—(1) Sec-
2 tion 403(a) of such Act is amended by inserting after para-
3 graph (3) the following new paragraph:

4 “(4) in the case of any State, an amount equal
5 to—

6 “(A) 90 percent of the total amount of ex-
7 penditures made during such quarter for educa-
8 tion, training, and other nonadministrative activi-
9 ties under the program established pursuant to
10 section 416 (including expenditures made for such
11 activities under part C), to the extent that such
12 expenditures do not cause the total amount of ex-
13 penditures made for such activities, during the
14 fiscal year in which such quarter falls, to exceed
15 the total amount which was allotted to the State
16 under part C for the fiscal year 1987, plus

17 “(B) 65 percent of the total amount of any
18 additional expenditures made during such quarter
19 for education, training, and other nonadministra-
20 tive activities under the program established pur-
21 suant to section 416 (including expenditures made
22 for such activities under part C); and”.

23 (2) Section 403(a)(3) of such Act is amended—

24 (A) by striking out “and” after the comma at the
25 end of subparagraph (B);

(B) by redesignating subparagraph (C) as subparagraph (D); and

(C) by inserting after subparagraph (B) the following new subparagraph:

“(C) one-half of so much of such expenditures as are incurred in connection with the administration of the education, training, and work program established pursuant to section 416 and part C, and”.

(c) DEMONSTRATION AUTHORITY: PROJECTS TO TEST THE ELIMINATION OF THE 100-HOUR RULE UNDER THE AFDC-UP PROGRAM.—Section 1115 of such Act is amended—

(1) by inserting “(1)” before “In the case of” in subsection (a);

(2) by striking out “(1) the Secretary” and “(2) costs” in subsection (a) and inserting in lieu thereof “(A) the Secretary” and “(B) costs”, respectively;

(3) by striking out subsection (b);

(4) by redesignating subsection (c) as paragraph (2) of subsection (a), and in such subsection as so redesignated by striking out “subsection (a)”, “(1)”, “(2)”, and “(3)” and inserting in lieu thereof “paragraph (1)”, “(A)”, “(B)”, and “(C)”, respectively; and

1 (5) by adding at the end thereof the following new
2 subsection:

3 “(b)(1)(A) In order to permit States to test whether (and
4 the extent to which) eliminating the 100-hour rule under sec-
5 tion 407, and requiring parents under that section to accept
6 any reasonable job offers while preserving the eligibility of
7 their families for aid under the applicable State plan approved
8 under section 402, would effectively encourage such parents
9 to enter the permanent work force and thereby significantly
10 reduce program costs, up to 5 States and localities may un-
11 dertake and carry out demonstration projects under which—

12 “(i) each parent receiving aid pursuant to section
13 407 is required to accept any reasonable full- or part-
14 time job which is offered to him or her, without regard
15 to the amount of the parent’s resulting earnings as
16 compared to the level of the family’s aid under the ap-
17 plicable State plan, and

18 “(ii) the family’s eligibility under the plan is pre-
19 served notwithstanding the parent’s resulting earnings,
20 so long as such earnings (after the application of sec-
21 tion 402(a)(8)) do not exceed the applicable State
22 standard of need, without regard to the 100-hour rule
23 or any other durational standard that might be applied
24 in defining unemployment for purposes of determining
25 such eligibility.

1 “(B) The Secretary shall consider all applications re-
2 ceived from States desiring to conduct demonstration projects
3 under this paragraph, shall approve up to 5 applications in-
4 volving projects which appear likely to contribute significant-
5 ly to the achievement of the purpose of this paragraph, and
6 shall make grants to the States whose applications are ap-
7 proved to assist them in carrying out such projects.

8 “(C) Each demonstration project approved under this
9 paragraph shall provide for the payment of aid under the ap-
10 plicable State plan, as though section 407 had been modified
11 to reflect the provisions of clauses (i) and (ii) of subparagraph
12 (A) but shall otherwise be carried out in accordance with all
13 of the requirements and conditions of section 407 (and any
14 related requirements and conditions under part A of title IV);
15 and each such project shall meet such other requirements and
16 conditions as the Secretary shall prescribe.

17 “(2)(A) Any demonstration project undertaken pursuant
18 to this subsection—

19 “(i) must be designed to improve the financial
20 well-being of families with children or otherwise im-
21 prove the operation of the program or programs in-
22 volved; and

23 “(ii) may not permit modifications in any program
24 which would have the effect of disadvantaging children
25 in need.

1 “(B) There are authorized to be appropriated such sums
 2 as may be necessary to enable the Secretary to make grants
 3 with respect to the demonstration projects which are provid-
 4 ed for under any of the preceding paragraphs of this subsec-
 5 tion (and for which an authorization in specific dollar
 6 amounts is not included in the paragraph involved).”.

7 **SEC. 103. OPERATION OF STATE PROGRAMS; AMENDMENTS TO**
 8 **TITLE IV-C AND RELATED PROVISIONS.**

9 (a) **IN GENERAL.**—Part C of title IV of the Social Se-
 10 curity Act is amended to read as follows:

11 **“PART C—EDUCATION, TRAINING, AND WORK**
 12 **PROGRAM**

13 **“DEFINITIONS**

14 **“SEC. 431.** Except to the extent otherwise specifically
 15 indicated, terms used in this part have the meanings given
 16 them in or under part A.

17 **“EDUCATION AND TRAINING PROVISIONS FOR STATE**
 18 **PLANS**

19 **“SEC. 432.** In order to satisfy the requirements of sec-
 20 tion 402(a)(19) with respect to a State’s education, training,
 21 and work program under section 416, such State’s plan ap-
 22 proved under section 402 must set forth—

23 “(1) a description of relevant coordination ar-
 24 rangements with other Federal and State agencies, in-
 25 cluding the State educational agency;

1 “(2) a description of the services to be provided
2 under section 434 and the methods and priorities to be
3 used in the allocation of such services;

4 “(3) assurances that the operation of the program
5 meets the criteria for coordination established in the
6 Governor’s coordination and special services plan pur-
7 suant to section 121(b)(1) of the Job Training Partner-
8 ship Act;

9 “(4) procedures for selecting service providers
10 under the program which take into account past per-
11 formance in providing similar services, fiscal account-
12 ability, and ability to meet performance standards;

13 “(5) assurances that services provided under the
14 program are in addition to, and do not duplicate, serv-
15 ices that are otherwise available from other Federal or
16 State agencies on a nonreimbursable basis;

17 “(6) assurances that the program includes private
18 sector and local government involvement through ad-
19 ministrative entities under section 4(2) of the Job
20 Training Partnership Act, in planning and program
21 design to assure that participants are trained for jobs
22 that are likely to be available in the community;

23 “(7) assurances that community-based organiza-
24 tions (as defined in section 4(5) of the Job Training
25 Partnership Act) are involved in planning and program

1 design to facilitate outreach in the client community,
2 and in the delivery of services (meeting the conditions
3 set forth in section 107(a) of the Job Training Partner-
4 ship Act);

5 “(8) a description of the distribution of services
6 under the program within the State (A) identifying for
7 each area within the State the resources to be made
8 available for training, on-the-job training, and transi-
9 tional employment opportunities, and (B) explaining the
10 economic and demographic reasons for such distribu-
11 tion;

12 “(9) assurances that necessary supportive services
13 will be available to participants under the program;
14 and

15 “(10) such other information and assurances as
16 the Secretary may require in accordance with regula-
17 tions.

18 “COORDINATION REQUIREMENTS

19 “SEC. 433. (a) COORDINATION WITH JTPA REQUIRE-
20 MENTS.—(1)(A) Program activities under this part and sec-
21 tion 416 shall be coordinated in each State with programs
22 operated under the Job Training Partnership Act and with
23 any other relevant employment, training, and education pro-
24 grams available in that State. Appropriate components of the
25 State’s plan developed under section 416(b)(1) which relate
26 to job training and workplace preparation shall be consistent

1 with the coordination criteria specified in the Governor's co-
2 ordination and special services plan required under section
3 121 of the Job Training Partnership Act.

4 “(B) The State plan so developed shall be submitted to
5 the State job training coordinating council not less than 90
6 days prior to its submission to the Secretary, for the purpose
7 of review and comment by the council on those provisions of
8 the plan related to delivery of job training services and of
9 coordinating activities under this part and section 416 with
10 similar activities under the Job Training Partnership Act.
11 Concurrent with submission of the plan to the State job train-
12 ing coordinating council, the proposed State plan shall be
13 published and made reasonably available to the general
14 public through local news facilities and public announce-
15 ments, in order to provide the opportunity for review and
16 comment through such means as public hearings.

17 “(C) If the recommendations of the State job training
18 coordinating council under subparagraph (B) are different
19 from any of the provisions of the State's plan developed
20 under section 416(b)(1), the State job training coordinating
21 council may appeal to the Governor of the State and the final
22 decision with respect to such provisions shall be made by the
23 Governor.

24 “(2) Program activities under this part and section 416
25 shall be coordinated in each State with existing early child-

1 hood education programs in that State, including Head Start
2 programs, preschool programs funded under chapter 1 of the
3 Education Consolidation and Improvement Act of 1981, and
4 school and nonprofit child care programs (including communi-
5 ty-based organizations receiving funds designated for pre-
6 school programs for handicapped children).

7 “(b) ARRANGEMENTS WITH SERVICE PROVIDERS.—
8 The education, training, and work programs under this part
9 shall be carried out by the State agency directly or through
10 arrangements or under contracts with administrative entities
11 under section 4(2) of the Job Training Partnership Act, with
12 State and local educational agencies, and with other public
13 agencies or private organizations (including community-based
14 organizations as defined in section 4(5) of the Job Training
15 Partnership Act). Arrangements and contracts entered into
16 under the preceding sentence may provide for the provision
17 or conduct of any services or activities, including outreach,
18 made available under the program to the extent that such
19 services or activities are not otherwise available on a reim-
20 bursable basis. Such arrangements and contracts shall be de-
21 veloped in consultation with the private industry councils for
22 service delivery areas designated under section 101 of the
23 Job Training Partnership Act, shall be transmitted to the
24 State job training coordinating council for review and com-
25 ment, and shall be subject to the approval of the Governor of

1 such State. In selecting service providers, States must take
2 into account past performance in providing similar services,
3 demonstrated effectiveness, fiscal accountability, and ability
4 to meet performance standards.

5 “(c) PRIVATE INDUSTRY COUNCILS.— The State
6 agency shall utilize the services of each private industry
7 council (as established under section 102 of the Job Training
8 Partnership Act) to identify and provide advice on the types
9 of jobs available or likely to become available in the service
10 delivery area of such council. The State agency shall not
11 conduct, in any area, training for jobs of a type which are not
12 likely to become available.

13 “SERVICES AND ACTIVITIES UNDER THE PROGRAM

14 “SEC. 434. (a) RANGE OF SERVICES AND ACTIVI-
15 TIES.—(1) The services and activities to be offered to partici-
16 pants under the program under section 416 may include (sub-
17 ject to the succeeding provisions of this section)—

18 “(A) high school or equivalent education (com-
19 bined with training when appropriate) designed specifi-
20 cally for participants who do not have a high school
21 diploma, in accordance with subsection (b);

22 “(B) basic and remedial education to achieve a
23 basic literacy level, bilingual education for individuals
24 with limited English proficiency, and specialized ad-
25 vanced education in appropriate cases;

- 1 “(C) group and individual job search as described
2 in section 416(k);
- 3 “(D) on-the-job training;
- 4 “(E) job skills training;
- 5 “(F) work supplementation programs as provided
6 in section 416(i);
- 7 “(G) community work experience programs as
8 provided in section 416(j);
- 9 “(H) job readiness activities to help prepare par-
10 ticipants for work;
- 11 “(I) counseling, information, and referral for par-
12 ticipants experiencing personal and family problems
13 which may be affecting their ability to work;
- 14 “(J) job development, job placement, and follow-
15 up services to assist participants in securing and re-
16 taining employment and advancement as needed;
- 17 “(K) other education and training activities as de-
18 termined by the State and allowed by regulations of
19 the Secretary; and
- 20 “(L) supportive services, including day care and
21 transportation, that are reasonably necessary to partici-
22 pation as provided in section 402(g).
- 23 “(2) Such services and activities may also include tran-
24 sitional employment as described in section 105(a) of the
25 Family Welfare Reform Act of 1987, but only to the extent

1 that funds are specifically appropriated therefor as required
2 by 105(a)(3) of such Act.

3 “(3) The State must in any event make available the
4 services and activities described in subparagraphs (A), (B),
5 (C), (E), (H), (I), (J), and (L) of paragraph (1) along with the
6 services and activities described in at least one of the remain-
7 ing subparagraphs of paragraph (1). The provisions of sec-
8 tions 435, 436, 437, and 438 shall apply with respect to all
9 of the services and activities described in this subsection.

10 “(b) EDUCATION SERVICES.—(1)(A) Any participant
11 lacking a high school diploma shall, before being required to
12 participate in any other services or activities, be required
13 (subject to subparagraph (B)) to participate in a program
14 which addresses the education needs identified in the partici-
15 pant’s initial assessment, including high school or equivalent
16 education designed specifically for participants who do not
17 have a high school diploma, remedial education to achieve a
18 basic literacy level, or bilingual education for individuals with
19 limited English proficiency; and both the family support plan
20 and the agency-client agreement shall so provide. Any other
21 services or activities to which such a participant is assigned
22 under the agreement may not be permitted to interfere with
23 his or her participation in an appropriate education program
24 under this paragraph.

1 “(B) No requirement shall be imposed under subsection
2 (a)(1)(A) or this subsection with respect to any participant
3 who demonstrates a basic literacy level and whose family
4 support plan identifies a long-term employment goal that
5 does not require a high school diploma.

6 “(2) Children in participating families who are not
7 themselves participants in the program under section 416
8 shall be encouraged to take part in any suitable education or
9 training programs available under the program; and the pro-
10 gram must also provide to such children additional services
11 specifically designed to help them stay in school (including
12 financial incentives as appropriate), complete their high
13 school education, and obtain marketable job skills (including
14 services provided under a demonstration program conducted
15 pursuant to section 1115(b)(2)). Activities in which such chil-
16 dren participate may not, however, be permitted to interfere
17 with their school attendance.

18 “(3) An individual who attends an accredited postsec-
19 ondary institution (on not less than a half-time basis), as long
20 as such individual is making satisfactory progress in a voca-
21 tional or undergraduate education or training program con-
22 sistent with the individual’s employment goals, shall consti-
23 tute satisfactory participation in the educational or training
24 component of the program so long as it continues; and the
25 family support plan under section 416(f) shall so provide. Any

1 other activities in which the individual participates may not
2 be permitted to interfere with such vocational or undergradu-
3 ate education or training program.

4 “(4) Education services provided to an individual under
5 the program shall be consistent with such individual’s em-
6 ployment goals.

7 “PROVISIONS GENERALLY APPLICABLE TO PROVISION OF
8 SERVICES

9 “SEC. 435. (a) ADMINISTRATION BY SECRETARY OF
10 LABOR.—The Secretary of Labor shall be responsible for im-
11 plementing and carrying out the provisions of this section, in
12 accordance with the regulations developed and prescribed
13 under subsection (h); and the term ‘Secretary’ as used in this
14 section (unless otherwise specifically indicated) means the
15 Secretary of Labor.

16 “(b) WORKING CONDITIONS.—(1) Each assignment of a
17 participant under the program shall be consistent with the
18 physical capacity, skills, experience, health, family responsi-
19 bilities, and place of residence of such participant. Any re-
20 quirement for part-time participation shall in no event exceed
21 20 hours per week. Individuals assigned to any position
22 under the program shall not be discriminated against on the
23 basis of race, sex, national origin, religion, age, or handicap-
24 ping condition and such individuals shall have such rights as
25 are available under any Federal, State, or local law prohibit-
26 ing discrimination.

1 “(2) Before assigning a participant to any activity under
2 the program, the State shall assure that—

3 “(A) appropriate standards for health, safety, and
4 other conditions are applicable to participation in such
5 activity;

6 “(B) the conditions of participation in such activi-
7 ty are reasonable, taking into account the geographic
8 region, the residence of the participant, the proficiency
9 of the participant, and the child care and other sup-
10 portive service needs of the participant; and

11 “(C) the participant will not be required, without
12 his or her consent, to travel an unreasonable distance
13 from his or her home or remain away from such home
14 overnight.

15 “(c) DISPLACEMENT.—No assignment under the pro-
16 gram shall result in—

17 “(1) the displacement of any currently employed
18 worker or position (including partial displacement such
19 as a reduction in the hours of nonovertime work,
20 wages, or employment benefits), or result in the im-
21 pairment of existing contracts for services or collective
22 bargaining agreements;

23 “(2) the employment or assignment of a partici-
24 pant or the filling of a position when (i) any other indi-
25 vidual is on layoff from the same or any equivalent po-

sition, or (ii) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intention of filling the vacancy so created with a participant subsidized under the program; or

“(3) any infringement of the promotional opportunities of any currently employed individual;

and section 143(c)(1) of the Job Training Partnership Act shall apply.

“(d) WAGE RATES; WORKER’S COMPENSATION AND TORT CLAIMS PROTECTION.—(1) The wage rate for any position to which a participant is assigned shall not be less than the highest of (A) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938, (B) the minimum wage under applicable provisions of the State or local minimum wage law, or (C) the rates of pay for individuals employed in the same or similar occupations by the same employer.

“(2) Appropriate worker’s compensation and tort claims protection shall be provided to all participants on the same basis as such compensation and protection are provided to other employed individuals in the State.

“(e) GRIEVANCE PROCEDURE.—(1) Each State agency shall establish and maintain a grievance procedure for dealing with complaints about its programs and activities as de-

1 scribed in subsection (g) from participants, subgrantees, sub-
2 contractors, and other interested persons. Hearings on any
3 complaint shall be conducted within 30 days after the date on
4 which the complaint is filed and a decision shall be made no
5 later than 60 days after such date.

6 “(2) The decision of the State agency may be appealed
7 to the Secretary of Labor under the procedures established in
8 paragraph (3), and the complaint itself may be appealed to
9 the Secretary under such procedures if the State agency fails
10 to make a decision within the prescribed 60-day period.

11 “(3)(A) Whenever the Secretary of Labor receives an
12 appeal under paragraph (2) or has reason to believe that sub-
13 section (b), (c), or (d) has been violated, the complaint shall be
14 transmitted at the same time to the entity alleged to have
15 committed the violation. An opportunity shall be afforded to
16 such entity to review the complaint and to submit a reply to
17 the Secretary within 15 days after receiving the copy of such
18 complaint.

19 “(B) An official who shall be designated by the Secre-
20 tary shall review any complaint submitted in accordance with
21 subparagraph (A), and conduct such investigation as may be
22 necessary, to ascertain the accuracy of the information set
23 forth or alleged and to determine whether there is substantial
24 evidence that the affected activities fail to comply with sub-
25 section (b), (c), or (d). Such official shall report his findings

1 and recommendations to the Secretary within 60 days after
2 commencing the review and investigation.

3 “(C) The Secretary, within 45 days after receiving the
4 report under subparagraph (B) shall issue a final determina-
5 tion as to whether a violation of subsection (b), (c), or (d) has
6 occurred.

7 “(D) The Secretary shall institute proceedings to
8 compel the repayment of any funds determined to have been
9 expended in violation of subsection (b), (c), or (d).

10 “(4) The existence of the remedies provided by this sec-
11 tion shall not preclude any person who alleges that an action
12 of a State agency violates any of the provisions of this section
13 from instituting a civil action or pursuing any other remedy
14 authorized under Federal, State, or local law.

15 “(f) FUNDS NOT TO BE USED FOR CONSTRUCTION.—
16 None of the funds made available to a State for purposes of
17 the programs and activities described in subsection (g) shall
18 be used for construction.

19 “(g) APPLICATION OF SECTION.—The provisions of
20 this section apply to any work-related programs and activi-
21 ties under this part, under section 416, or under any other
22 work-related programs and activities authorized (in connec-
23 tion with the family support program) under section 1115.

24 “(h) REGULATIONS.—The Secretary of Labor shall
25 issue regulations for the purpose of implementing and carry-

1 ing out this section, in consultation with the Secretary of
2 Health and Human Services, in accordance with the timeta-
3 ble established in section 416(n).

4 "PERFORMANCE STANDARDS

5 "SEC. 436. (a) IN GENERAL.—(1) The Secretary, on
6 the basis of recommendations received pursuant to subsection
7 (b), shall establish performance standards for the program es-
8 tablished under section 416 and this part. Such standards
9 shall be designed to evaluate the success of services provided
10 and activities conducted under such section and shall at a
11 minimum (in the following order of priority)—

12 "(A) provide methods for measuring the degree to
13 which States are targeting their programs to those in-
14 dividuals within each priority group (as described in
15 section 416(d)) who will have the most difficulty find-
16 ing employment;

17 "(B) provide methods for determining whether
18 States are providing intensive services under the pro-
19 gram, tailored to the individual needs of participants
20 and fully calculated to produce self-sufficiency;

21 "(C) take into account the extent to which the
22 program results in long-term job retention by partici-
23 pants, reduced welfare dependency, educational im-
24 provements, and placement in jobs in which health
25 benefits or child care are provided;

1 “(D) provide methods for measuring the degree to
2 which States are placing strong emphasis on participa-
3 tion by volunteers among the priority groups described
4 in section 416(d);

5 “(E) give appropriate recognition to the likelihood
6 that unemployment and other factors will influence the
7 success of the employment program;

8 “(F) measure the cost effectiveness of the employ-
9 ment portion of the program and the welfare savings
10 that result from the program;

11 “(G) establish expectations for placement rates,
12 including the minimum rate at which participants
13 within each priority group (as described in section
14 416(d)) are to be placed in jobs or complete their edu-
15 cation or both; and

16 “(H) take into account such other factors as are
17 deemed important.

18 “(2) Performance shall be measured by outcome and not
19 by levels of activity or participation, and shall be based on
20 the degree of success which may reasonably be expected of
21 States, in carrying out work-related programs under section
22 416 and this part which help such individuals achieve self-
23 sufficiency and in reducing welfare costs. The performance
24 standards so developed and published shall be periodically re-

1 viewed by the Secretary and modified to the extent necessary
2 to reflect the continuing implementation of the program.

3 “(b) PROCEDURES FOR ESTABLISHING INITIAL
4 STANDARDS.—(1) The Secretary shall contract with the Na-
5 tional Academy of Sciences to develop the performance
6 standards described in subsection (a). Under the terms of the
7 contract, the Academy shall establish an advisory committee
8 to develop and recommend proposed performance standards
9 meeting the requirements of such subsection. The advisory
10 committee shall include representatives of the Congress,
11 State and local agencies administering programs under sec-
12 tion 416 and this part, the Secretary of Labor, the Secretary
13 of Health and Human Services, State job training coordinat-
14 ing councils, labor organizations, business organizations, edu-
15 cation agencies, researchers, community based organizations,
16 and organizations representing eligible participants.

17 “(2) The proposed performance standards developed by
18 such advisory committee shall be submitted to the appropri-
19 ate committees of Congress prior to their submission to the
20 Secretary.

21 “(3) The Secretary may collect preliminary program in-
22 formation from the States, including information developed
23 pursuant to this section and section 403(e), to assist in the
24 development of performance standards.

1 “(c) PRELIMINARY AND FINAL STANDARDS.—Prelimi-
2 nary guidelines intended to facilitate compliance with per-
3 formance standards referred to in subsection (a) shall be es-
4 tablished within 12 months after the date of the enactment of
5 the Family Welfare Reform Act of 1987. Final standards
6 shall be established, prescribed, and published no later than
7 24 months after enactment of such Act.

8 “(d) EVALUATIONS AND ANNUAL REPORT.—(1) The
9 Secretary shall conduct evaluations of each State’s progress
10 toward meeting the performance standards developed under
11 this section. Evaluations shall be conducted at the completion
12 of each fiscal year for which a State may be held accountable
13 for such standards. An annual report shall be submitted to
14 Congress describing State activities and State performance.

15 “(2) If a State fails to meet the performance standards
16 at the conclusion of any such evaluation period, the Secretary
17 shall provide such necessary technical assistance to the State
18 as will facilitate meeting such standards. The Secretary shall
19 review the State’s compliance within a reasonable period
20 after providing such assistance (as determined by the Secre-
21 tary and the Governor), except that such period may not
22 exceed 6 months.

23 “(e) REVIEW AND REVISION OF STANDARDS.—The
24 Secretary shall periodically (but not more frequently than

1 once each three years) review the performance standards de-
2 veloped under this section.

3 “(f) PROPOSAL FOR MODIFICATION IN FEDERAL PAY-
4 MENT RATE TO REFLECT STATE EFFECTIVENESS.—The
5 Secretary shall develop and transmit to the Congress, for ap-
6 propriate legislative action, a proposal for modifying the rate
7 of the Federal payments to States under section 403(a)(4) so
8 as to reflect the relative effectiveness of the various States in
9 carrying out the program under this section and achieving its
10 purpose.

11 “CONTINUING EVALUATIONS

12 “SEC. 437. The Secretary shall provide for the continu-
13 ing evaluation of the programs established under section 416
14 and this part by the several States, including their effective-
15 ness in achieving the purpose of that section and their impact
16 on other related programs. The Secretary shall also—

17 “(1) provide for the conduct of research on ways
18 to increase the effectiveness of such programs, includ-
19 ing research on—

20 “(A) the effectiveness of giving priority to
21 participants who actively seek to participate,

22 “(B) appropriate strategies for assisting two-
23 parent families,

24 “(C) the wage rates of individuals placed in
25 jobs as a result of such programs,

“(D) the approaches that are most effective in meeting the needs of specific groups and types of participants (such as teenage parents, older parents, and families including disabled persons), and

“(E) the effect of targeting on families which include children below 6 years of age; and

“(2) provide technical assistance to States, localities, schools, and employers who may participate in the programs and who request or require such assistance.

“UNIFORM REPORTING REQUIREMENTS

“SEC. 438. The Secretary shall establish uniform reporting requirements under which each State will be required periodically to furnish such information and data as the Secretary may need to ensure that the purposes and provisions of section 416 and this part are being effectively carried out, including at a minimum (1) the average monthly number of families participating in the program under that section, the types of such families, and the amounts expended under the program (as family support supplements and otherwise) with respect to such families; (2) the length of time for which such families are assisted; (3) the child care costs for such families and the nature of their child care arrangements; and (4) the numbers of children in each age group (infants, toddlers, pre-school, and school age) receiving child care assistance. The

1 information and data so furnished shall be separately stated
2 with respect to each of the services and activities enumerated
3 in section 434(a) and with respect to each of the activities
4 described in subsections (i), (j), and (k) of section 416.

5 "AUTHORIZATION AND ALLOCATION OF FUNDS

6 "SEC. 439. Funds appropriated pursuant to section 401
7 for payments to States under sections 403(a)(3)(C) and
8 403(a)(4), or for otherwise carrying out the education, train-
9 ing, and work program under section 416, shall be available
10 to carry out this part."

11 SEC. 104. WIN TRANSITION.

12 Part C of title IV of the Social Security Act is amended
13 by adding at the end thereof the following new sections:

14 "TRANSITION TO NETWORK PROGRAM

15 "SEC. 446. (a) In any case where a State notifies the
16 Secretary of Health and Human Services of its desire to
17 become subject to the amendments made by title I of the
18 Family Welfare Reform Act of 1987 and such amendments
19 accordingly become effective with respect to that State as of
20 the first day of a calendar quarter beginning before October
21 1989 as described in section 107(1) of such Act, the preced-
22 ing provisions of this part, and the other provisions of this
23 Act as they would relate to the program under this part in
24 the absence of such amendments, shall cease to be effective
25 with respect to that State as of the first day of such quarter.

1 “(2) In any other case, the preceding provisions of this
2 part (including section 445) and the other provisions of this
3 Act which would relate to the program under this part in the
4 absence of such amendments shall cease to be effective on
5 October 1, 1989 (as provided in section 107 of the Family
6 Welfare Reform Act of 1987); and this part is repealed effec-
7 tive on that date.

8 “(3)(A) The Secretary of Labor, from funds appropriated
9 for fiscal years 1988 and 1989 to carry out this part, is au-
10 thorized to provide financial assistance under this part, in the
11 same manner as such assistance was provided under this part
12 as in effect on the day before the enactment of the Family
13 Welfare Reform Act of 1987, until September 30, 1989.

14 “(B) Notwithstanding any other provision of law, States
15 may expend funds received under this part during fiscal years
16 1988 and 1989, in order to conduct any activity deemed nec-
17 essary to provide for an orderly transition to the operation, as
18 of October 1, 1989, of programs under this part as amended
19 by the Family Welfare Reform Act of 1987.

20 “(b) During the fiscal years 1988 and 1989, any State
21 with an approved program under section 416 may also use
22 funds allocated to it under this part for any purpose author-
23 ized under section 416.

24 “(c) The termination of the effectiveness of this part
25 with respect to any State pursuant to subsection (a) or (b)

1 shall not affect any administrative or judicial proceeding,
2 arising under this part, which is pending on the date of such
3 termination.

4 “(d) Funds for carrying out this part for the fiscal year
5 1988 which were allocated to any State and are not obligat-
6 ed prior to the end of such fiscal year shall remain available
7 for obligation during fiscal year 1989. No reduction shall be
8 made in the allocation for any State from appropriations
9 made to carry out this part for the fiscal year 1989 on ac-
10 count of the carryover of funds from the fiscal year 1988
11 under the preceding sentence.

12 “INITIAL STATE EVALUATIONS

13 “SEC. 447. (a) With the objective of—

14 “(1) providing an in-depth assessment of potential
15 participants in the program under section 416 and this
16 part in each State, so as to furnish an accurate picture
17 on which to base estimates of future demands for wel-
18 fare services in conducting such program and to im-
19 prove the efficiency of targeting under such program,

20 “(2) assuring that training for welfare recipients
21 under such program will be realistically geared to labor
22 market demands and that the program will produce in-
23 dividuals with marketable skills, while avoiding dupli-
24 cation and redundancy in the delivery of services, and

1 “(3) otherwise assuring that States will have the
2 information needed to carry out the purposes of the
3 program,

4 each State shall undertake and carry out an evaluation of
5 demographic characteristics of potential participants in the
6 program under section 416 and this part within the 6-month
7 period beginning on the date of the enactment of the Family
8 Welfare Reform Act of 1987. Such evaluation shall be car-
9 ried out in each State by the agency which administers the
10 State’s program under part A of title IV.

11 “(b) In carrying out the evaluation under subsection (a)
12 the State shall give particular attention to the current and
13 anticipated demands of the labor market or markets within
14 the State, the types of training which are needed to meet
15 those demands, and any changes in the current service deliv-
16 ery systems which may be needed to satisfy the requirements
17 of the program under section 416 and this part.

18 “(c) The evaluation shall be structured so as to produce
19 accurate and usable information on the age, family status,
20 educational and literacy levels, duration of eligibility for
21 family support supplements, and work experience of the indi-
22 viduals and families who are potential participants in the pro-
23 gram under such section 416, including the actual numbers of
24 such individuals and families in each such category.

1 “(d) The Secretary of Health and Human Services, in
2 consultation with the Secretary of Labor, shall provide each
3 State with such technical assistance and data as it may need
4 in order to carry out its evaluation under subsection (a); and
5 each State shall transmit its evaluation to the Secretary by
6 the close of the 6-month period specified in that subsection.
7 The Secretary shall transmit a copy of such evaluation to the
8 advisory committee established under section 436(b) and to
9 the National Academy of Sciences for use in the preparation
10 and review of performance standards.

11 “(e) The Secretary of Health and Human Services, in
12 consultation with the Secretary of Labor, shall pay to each
13 State the sum of \$100,000 to assist that State in designing
14 and carrying out its evaluation under this section; and of the
15 total amount available to the Secretary for fiscal year 1988
16 for purposes of the program under section 448(b) the sum of
17 \$5,200,000 shall be available only for this purpose.

18 “(f) As used in this section, the term ‘potential partici-
19 pant population’ with respect to any State means collectively
20 all individuals in such State who are recipients of family sup-
21 port supplements under part A and who are members of the
22 target populations identified in section 416(c)(3).

23 “AUTHORIZATION AND ALLOCATION OF FUNDS

24 “SEC. 448. (a) There are authorized to be appropriated
25 to carry out this part, for the fiscal years 1988 and 1989,
26 such sums as may be necessary.

1 “(b) Ten percent of the amount so appropriated for fiscal
2 year 1988 and ten percent of the amount so appropriated for
3 fiscal year 1989 shall be made available by the Secretary to
4 the States for initial State evaluations in accordance with
5 section 447(e) and for technical assistance and planning
6 grants.

7 “(c) In each of the fiscal years 1988 and 1989, the Sec-
8 retary shall allocate 90 percent of the amount so appropri-
9 ated for that fiscal year among the States to carry out plans
10 approved under this part. In allocating amounts among the
11 States, the Secretary shall take into account each State’s
12 prior year allocations and the relative number of recipients in
13 the various States during the most recent year for which sat-
14 isfactory data are available.

15 “(d) Each State receiving an allocation under subsection
16 (c) shall ensure that there will be available, from non-Federal
17 sources, a portion of the costs of providing the services under
18 this part equal at least to 10 percent of such costs. Contribu-
19 tions from non-Federal sources may be provided in cash or in
20 kind.

21 “(e) As used in this section, the term ‘prior year alloca-
22 tion’ means the amount allocated to a State from appropria-
23 tions made pursuant to subsection (a) for the fiscal year
24 1986.”.

1 SEC. 105. ADDITIONAL ACTIVITIES.

2 (a) TRANSITIONAL EMPLOYMENT.—(1) RESTRICTIONS
3 ON TRANSITIONAL EMPLOYMENT.—Transitional employ-
4 ment provided under section 434(a)(2) of the Social Security
5 Act is short-term subsidized employment, on a transitional
6 basis, for individuals who have completed their participation
7 in the program under section 416 and part C of title IV of
8 such Act but are still unable to find and obtain regular em-
9 ployment, and includes only employment (for wages) which
10 shall be—

11 (A) with a public or nonprofit private employer;
12 and

13 (B) for a period not to exceed 6 months, unless at
14 the end of such 6-month period additional transitional
15 employment is determined to be necessary in a review
16 and modification of the family support plan under sec-
17 tion 416(f) of such Act.

18 (2) ELIGIBILITY FOR TRANSITIONAL EMPLOYMENT.—
19 An individual may not be provided with transitional employ-
20 ment under section 434(a)(2) of the Social Security Act
21 unless such transitional employment is part of the family sup-
22 port plan entered into under section 416(f) of such Act and
23 the individual—

24 (A) has been a participant for at least 6 months in
25 services or activities as described in section 434 of
26 such Act, including job search, or for such longer

1 period as may be required for the participant to
2 achieve substantial progress in the education compo-
3 nent of such services; and

4 (B) has been unable to secure unsubsidized em-
5 ployment.

6 (3) PRIORITIES.—In providing transitional employment
7 for such individuals, priority shall be given to transitional em-
8 ployment which—

9 (A) provides services to other eligible participants,
10 such as child care and transportation; or

11 (B) is likely to lead to unsubsidized employment,
12 directly or through on-the-job training.

13 (4) AUTHORIZATION.—There are authorized to be ap-
14 propriated to carry out this section (and section 434(a)(2) of
15 the Social Security Act), for any fiscal year, such sums as
16 may be necessary.

17 (b) STATE DEMONSTRATION PROGRAMS.—(1)
18 PROJECTS TO ENCOURAGE INNOVATIVE EDUCATION AND
19 TRAINING PROGRAMS FOR CHILDREN AND TO TEST THE
20 EFFECT OF EARLY CHILDHOOD DEVELOPMENT PRO-
21 GRAMS.—Section 1115(b) of the Social Security Act (as
22 added by section 102(c) of this Act) is amended by redesign-
23 ating paragraph (2) as paragraph (4), and by inserting after
24 paragraph (1) the following new paragraphs:

1 “(2) In order to encourage States to develop innovative
2 education and training programs for children receiving aid
3 under State plans approved under section 402, any State
4 may establish and conduct one or more demonstration
5 projects, targeted to such children, designed to test financial
6 incentives and interdisciplinary approaches to reducing school
7 dropouts, encouraging skill development, and avoiding wel-
8 fare dependence; and the Secretary may make grants to
9 States to assist in financing such projects. Demonstration
10 projects under this paragraph shall meet such conditions and
11 requirements as the Secretary shall prescribe, and no such
12 project shall be conducted for a period of less than one year
13 or more than 5 years.

14 “(3)(A) In order to test the effect of in-home early child-
15 hood development programs and pre-school center-based de-
16 velopment programs (emphasizing the use of volunteers and
17 including academic credit for student volunteers) on families
18 receiving aid under State plans approved under section 402
19 and participating in the education, training, and work pro-
20 gram under section 416 and part C of title IV, up to 10
21 States may undertake and carry out demonstration projects
22 utilizing such development programs to enhance the cognitive
23 skills and linguistic ability of children under the age of 5, to
24 improve the communications skills of such children, and to
25 develop their ability to read, write, and speak the English

1 language effectively. Such projects may include parents along
2 with their eligible children in family-centered education pro-
3 grams that assist children directly in achieving the goals
4 stated in the preceding sentence and also help parents con-
5 tribute to the proper development and education of their
6 young children. Demonstration projects under this paragraph
7 shall meet such conditions and requirements as the Secretary
8 shall prescribe, and no such project shall be conducted for a
9 period of more than 3 years.

10 “(B) The Secretary shall consider all applications re-
11 ceived from States desiring to conduct demonstration projects
12 under this paragraph, shall approve up to 10 applications in-
13 volving projects which appear likely to contribute significant-
14 ly to the achievement of the purpose of this paragraph, and
15 shall make grants to the States whose applications are ap-
16 proved to assist them in carrying out such projects.

17 “(C) The Secretary shall submit to the Congress with
18 respect to each project undertaken by a State under this
19 paragraph, after such project has been carried out for one
20 year and again when such project is completed, a detailed
21 evaluation of the project and of its contribution to the
22 achievement of the purpose of this paragraph.”.

23 (2) OTHER DEMONSTRATIONS.—Any State, using funds
24 made available to it from appropriations pursuant to para-
25 graph (3) in conjunction with its other resources, may—

1 (A) conduct demonstrations to test the effective-
2 ness of arrangements under which private organiza-
3 tions will operate supported-work programs to place
4 participants in full-time jobs in the private sector, with
5 the Federal subsidy of wages not to exceed 9 months,
6 through performance-based contracts conditioned upon
7 retention in such private sector employment after the
8 Federal subsidy ends;

9 (B) conduct demonstrations to test more effective
10 methods of providing coordination and services to
11 ensure long-term family self-sufficiency through com-
12 munity-based comprehensive family support services in-
13 volving a partnership between the State agency admin-
14 istering the State's plan under section 402 of the
15 Social Security Act and community-based organizations
16 having experience and demonstrated effectiveness in
17 providing services; and

18 (C) provide financial assistance to nonprofit com-
19 munity development corporations to demonstrate their
20 effectiveness in creating employment opportunities for
21 recipients and other low-income individuals.

22 (3) AUTHORIZATION.—There is authorized to be appro-
23 priated to carry out activities conducted under the amend-
24 ment made by paragraph (1) and activities conducted under

1 paragraph (2), for any fiscal year, a total sum not exceeding
2 \$50,000,000.

3 (c) CAREGIVERS AND CHILD CARE.—(1) TRAINING OF
4 CAREGIVERS.—Each State, using funds appropriated pursu-
5 ant to paragraph (3), shall institute a program to provide
6 grants for training child care personnel in areas such as child
7 growth and development, communication with families,
8 health and safety, instruction, and administration and man-
9 agement. Child care personnel eligible for such training may
10 include employees of child care centers as well as family day
11 care providers and others meeting the standards enumerated
12 in section 402(g)(1)(B) of the Social Security Act (as
13 amended by subtitle B of this title).

14 (2) CHILD CARE SUPPLY.—Any State, using funds ap-
15 propriated pursuant to paragraph (3), may institute a pro-
16 gram to provide grants to local nonprofit child care programs
17 to establish or renovate child care centers and family day
18 care homes which meet the standards enumerated in section
19 402(g)(1)(B) of the Social Security Act (as amended by title
20 II of this Act) and which will be used to serve participants in
21 the other activities described in section 434 of such Act, in-
22 cluding on-site or nearby child care centers operated as part
23 of the education, training, or employment programs, as well
24 as other child care centers which will be used by program
25 participants. Such grants may also be made available to local

1 child care agencies (such as resource and referral programs)
2 to recruit, train, and provide other essential supports to new
3 family day care providers. These grants may also be used to
4 assist centers and family day care providers to come into
5 compliance with applicable health and safety standards.

6 (3) **AUTHORIZATION.**—There is authorized to be appro-
7 priated to carry out paragraphs (1) and (2), for any fiscal
8 year, a total sum not exceeding \$150,000,000.

9 (d) **FUNDING OF ACTIVITIES.**—Notwithstanding any
10 other provision of this Act or of part A or C of title IV of the
11 Social Security Act, the cost of providing transitional em-
12 ployment under the program established by section 416 of
13 the Social Security Act as described in subsection (a), and the
14 costs of carrying out the activities described in subsections (b)
15 and (c), shall be paid only from funds specifically authorized
16 by those subsections and appropriated for that purpose.

17 **SEC. 106. TECHNICAL AND CONFORMING AMENDMENTS.**

18 (a) **IN PART A OF TITLE IV.**—(1) Section
19 402(a)(8)(A)(iv) of the Social Security Act is amended by
20 striking out “(but excluding” and all that follows and insert-
21 ing in lieu thereof a semicolon.

22 (2) Section 402(a)(9)(A) of such Act is amended by strik-
23 ing out “B, C, or D” and inserting in lieu thereof “B or D”.

24 (3) Section 402(a)(35) of such Act is repealed.

25 (4) Section 403(a)(3) of such Act is amended—

(A) by striking out all of subparagraph (D) (as redesignated by section 102(b)(2) of this Act) which follows “such expenditures” and inserting in lieu thereof a comma; and

(B) by striking out all that follows “section 2002(a) of this Act” in the matter following such subparagraph and inserting in lieu thereof “other than services furnished under section 416 or under section 402(g); and”.

(5) Section 403(c) of such Act is repealed.

(6) Section 403(d) of such Act is repealed.

(7) Section 407(b)(2)(A) of such Act is amended by striking out “will be certified” and all that follows down through “within 30 days” and inserting in lieu thereof “will participate or apply for participation in the national education, training, and work program under section 416 within 30 days”.

(8) Section 407(b)(2)(C)(i) of such Act is amended by striking out “, unless exempt” and all that follows down through “is not registered” and inserting in lieu thereof “is not currently participating in the national education, training, and work program under section 416, unless such parent is exempt under section 416(c)(4), or, if such parent is exempt under such section 416(c)(4) and has not volunteered for such

1 participation as described in section 416(c)(2), is not
2 registered”.

3 (9) Section 407(c) of such Act is amended by striking
4 out “to certify such parent” and all that follows and inserting
5 in lieu thereof “to participate in the national education, train-
6 ing, and work program under section 416.”.

7 (10) Section 407(d)(1) of such Act is amended by strik-
8 ing out “under section 409” and all that follows and inserting
9 in lieu thereof “under section 416(j);”.

10 (11) Section 407(e) of such Act is repealed.

11 (12) Section 409 of such Act is repealed.

12 (13) Section 414 of such Act is repealed.

13 (b) IN OTHER PROVISIONS.—(1) Section 471(a)(8)(A) of
14 such Act is amended by striking out “A, B, C, or D” and
15 inserting in lieu thereof “A, B, or D”.

16 (2) Section 1108(b) of such Act is amended by striking
17 out “section 402(a)(19)” and inserting in lieu thereof “section
18 416”.

19 (3) Section 1902(a)(10)(A)(i)(I) of such Act is amended
20 by striking out “section 414(g)” and inserting in lieu thereof
21 “section 416(i)(6)”.

22 (c) JOB TRAINING PARTNERSHIP ACT.—Section
23 102(a)(2) of the Job Training Partnership Act is amended by
24 striking out “and” and inserting before the period a comma

1 and the following: “and the State public assistance agency
2 administering part A of title IV of the Social Security Act”.

3 **SEC. 107. EFFECTIVE DATE.**

4 The amendments made by this title shall become effec-
5 tive October 1, 1989; except that—

6 (1) if any State theretofore makes the changes in
7 its State plan approved under section 402 of the Social
8 Security Act which are required in order to carry out
9 such amendments, and formally notifies the Secretary
10 of Health and Human Services of its desire to become
11 subject to such amendments as of the first day of any
12 calendar quarter beginning on or after the date on
13 which the proposed regulations of the Secretary of
14 Health and Human Services (and the Secretary of
15 Labor) are published in accordance with section 416(n)
16 of such Act and before October 1, 1989, such amend-
17 ments shall become effective with respect to that State
18 (subject to paragraphs (2), (3), and (4) of this section)
19 as of such first day;

20 (2) section 416(n) of the Social Security Act (as
21 added by section 102(a) of this Act), sections 436, 437,
22 and 438 of the Social Security Act (as added by sec-
23 tion 103(a) of this Act), and section 105 of this Act
24 shall be effective on the date of the enactment of this
25 Act;

1 (3) section 1115(b)(3) of the Social Security Act
2 (as added by section 102(c) of this Act) shall become
3 effective October 1, 1987; and

4 (4) the amendments made by section 104 shall
5 become effective October 1, 1987; and section 446 of
6 the Social Security Act (as added by subsection (a) of
7 such section 104) shall apply with respect to the pre-
8 ceding provisions of part C of title IV of such Act (and
9 with respect to the other provisions of such Act which
10 are referred to in that section) in the manner provided
11 in that section.

12 **TITLE II—DAY CARE, TRANSPORTATION, AND**
13 **OTHER WORK-RELATED EXPENSES**

14 **SEC. 201. PAYMENT OF EXPENSES BY STATES.**

15 (a) **IN GENERAL.**—(1) Section 402 of the Social Securi-
16 ty Act is amended by adding at the end thereof the following
17 new subsection:

18 “(g)(1)(A) Each State shall, for each family, either—

19 “(i) provide day care for each dependent child,
20 and incapacitated individual living in the same home as
21 a dependent child, receiving family support supple-
22 ments under the State plan and requiring such care, or

23 “(ii) reimburse the caretaker relative in the family
24 (in advance whenever possible) for the costs of such
25 care incurred in any month,

1 if and to the extent that such care (or reimbursement for the
2 costs thereof) is determined by the State agency to be (I)
3 directly related to an individual's participation in work, edu-
4 cation, or training (including participation as a mandatory
5 participant or volunteer in the program under section 416,
6 and including participation in other work, education, or train-
7 ing by individuals who are not participating in such program
8 by reason of exemptions granted under any of the subpara-
9 graphs in section 416(c)(4)), (II) reasonably necessary for
10 such participation, and (III) cost-effective. Amounts expend-
11 ed under the preceding provisions of this subsection (in pro-
12 viding day care directly, or in making reimbursement for the
13 costs of such care), to the extent that such amounts do not
14 exceed \$175 per month for any child age 2 or over or \$200
15 per month for any infant under age 2, shall be considered, for
16 purposes of section 403(a) (1) and (2), to be amounts expend-
17 ed as aid in the form of family support supplements under the
18 State plan (and Federal contributions may be made under
19 section 403(a) with respect to amounts so expended only to
20 that extent).

21 “(B)(i) No amount shall be expended under subpara-
22 graph (A) for any child care services involving more than 2
23 children at the same time unless such services meet applica-
24 ble standards of State and local law.

1 “(ii) No amount shall be expended under subparagraph
2 (A) for any day care services unless the entity providing such
3 care (I) provides parental access; (II) posts in clear public
4 view the appropriate telephone number for filing any com-
5 plaint regarding child care quality, or health or safety viola-
6 tions; and (III) complies fully with all local health and fire
7 safety standards (as required by clause (i)).

8 “(iii) No State receiving funds under this section shall
9 reduce the level of child care licensing requirements or other
10 standards applicable to child care provided within the State
11 on the date of enactment of the Family Welfare Reform Act
12 of 1987.

13 “(C) Reimbursement for the costs of day care under sub-
14 paragraph (A)(ii) may be accomplished through contracts or
15 certificates, or through the disregarding of such costs from
16 the earned income of the family (within the applicable dollar
17 limitations set forth in subparagraph (A)) as though such dis-
18 regarding were specifically provided for in section 402(a)(8)
19 immediately after the disregards provided for in clauses (ii)
20 and (iii) thereof (and were applied to both applicants and re-
21 cipients but only with respect to earned income not otherwise
22 disregarded under the preceding provisions of that section).
23 No change made by a State in its method of reimbursing day
24 care costs may have the effect of disadvantaging individuals
25 or families receiving aid under the State plan on the date of

1 the enactment of this subsection, by reducing their income or
2 otherwise.

3 “(D) For purposes of the first sentence of subparagraph
4 (A), day care shall be considered ‘cost-effective’ only if it is
5 furnished within the applicable dollar limitations set forth in
6 the second sentence of such subparagraph; but nothing in this
7 subsection shall be construed as preventing any State from
8 making reimbursement from its own funds (without any Fed-
9 eral contribution under section 403(a)) for day care which is
10 not furnished within such limitations.

11 “(2)(A) In the case of an individual participating in the
12 program of education, training, and work under section 416
13 (including participation in the form of job search under sub-
14 section (k) thereof), the State (in addition to providing day
15 care or reimbursing the costs thereof as provided in para-
16 graph (1)) shall reimburse the participant (in advance when-
17 ever possible) for transportation and other work-related costs
18 incurred in any month, in an amount (subject to subparagraph
19 (B)) not exceeding the dollar amount then in effect (for pur-
20 poses of disregarding earned income) under section
21 402(a)(8)(A)(ii).

22 “(B) In the case of a participant who must travel 100
23 miles or more to reach his or her education or training site
24 under the program, the reimbursement for transportation and
25 other work-related costs under subparagraph (A) may be in

1 an amount up to twice the dollar amount referred to in that
2 subparagraph.

3 “(3) The Federal contribution with respect to day care,
4 transportation, and other work-related costs incurred by a
5 State under this subsection shall be determined under section
6 403(a) (1) or (2) as though such costs had been incurred in
7 paying aid in the form of family support supplements, rather
8 than under section 403(a) (3) or (4).

9 “(4) The value of any day care provided (or any amount
10 received as reimbursement for day care costs incurred) under
11 paragraph (1)—

12 “(A) shall not be treated as income of any person
13 for purposes of any other Federal or federally-support-
14 ed program which bases eligibility for or the amount of
15 benefits upon need, and

16 “(B) may not be claimed as an employment-relat-
17 ed expense for purposes of the credit under section 21
18 of the Internal Revenue Code of 1986.”.

19 (b) CONTINUATION AFTER ELIGIBILITY FOR AID
20 CEASES.—(1) Subparagraph (A) of section 402(g)(1) of such
21 Act (as added by subsection (a) of this section) is amended by
22 inserting after the first sentence the following new sentence:
23 “The caretaker relative of any dependent child or incapac-
24 itated individual whose family ceases to be eligible for family
25 support supplements under the State plan as of the close of

1 any month because of earnings shall continue to be entitled to
 2 reimbursement for the costs of any day care (subject to the
 3 applicable dollar limitations specified in the succeeding sen-
 4 tence) which is determined by the State agency to be reason-
 5 ably necessary for his or her employment, for a period (deter-
 6 mined by the State) of at least 12 months after the close of
 7 such month, under a sliding scale formula established by the
 8 State which shall be based on the family's ability to pay (and
 9 under which such applicable dollar limitations are appropri-
 10 ately reduced to reflect such ability); but this sentence shall
 11 not apply with respect to any family for any month in a cal-
 12 endar quarter if the family income for the preceding quarter
 13 was equal to or exceeded the quarterly equivalent of 150
 14 percent of the nonfarm income official poverty line defined by
 15 the Office of Management and Budget (and revised annually
 16 in accordance with section 673(2) of the Omnibus Budget
 17 Reconciliation Act of 1981).”.

18 (2) Subparagraph (D) of section 402(g)(1) of such Act
 19 (as so added) is amended by striking out “second” and insert-
 20 ing in lieu thereof “third”.

21 (c) DEMONSTRATION AUTHORITY: PROJECTS TO EN-
 22 COURAGE STATES TO EMPLOY AFDC MOTHERS AS PAID
 23 DAY CARE PROVIDERS, AND TO TEST THE EFFECT OF A
 24 LARGER EXCLUSION OF AUTOMOBILES FROM RE-
 25 SOURCES.—Section 1115(b) of such Act (as added by section

1 102(b) of this Act and amended by section 105(b)) is amended
2 by redesignating paragraph (4) as paragraph (6), and by in-
3 serting after paragraph (3) the following new paragraphs:

4 “(4)(A) In order to encourage States to employ or ar-
5 range for the employment of parents (of dependent children
6 receiving aid under State plans approved under section
7 402(a)) as providers of day care for other children receiving
8 such aid, including any training which may be necessary to
9 prepare the parents for such employment, up to 5 States may
10 undertake and carry out demonstration projects designed to
11 test whether such employment will effectively facilitate the
12 conduct of the education, training, and work program under
13 section 416 by making additional day care services available
14 to meet the requirements of section 402(g)(1) while affording
15 significant numbers of families receiving such aid a realistic
16 opportunity to avoid welfare dependence.

17 “(B) The Secretary shall consider all applications re-
18 ceived from States desiring to conduct demonstration projects
19 under this paragraph, shall approve up to 5 applications in-
20 volving projects which appear likely to contribute significant-
21 ly to the achievement of the purpose of this paragraph, and
22 shall make grants to those States whose applications are ap-
23 proved to assist them in carrying out such projects. Each
24 project under this paragraph shall meet such conditions and
25 requirements as the Secretary shall prescribe.

1 “(5)(A) In order to test the effect of increasing the maxi-
2 mum excludable value of automobiles under State plans ap-
3 proved under section 402, up to 5 States may undertake and
4 carry out demonstration projects under which the resources
5 of any individual are determined as though the amount pre-
6 scribed by the Secretary under section 402(a)(7)(B) with re-
7 spect to such individual’s excludable ownership interest in an
8 automobile were the same as the amount that would be ex-
9 cluded or disregarded in similar circumstances under the
10 Food Stamp Act of 1977 (and such section 402(a)(7)(B) shall
11 be deemed to have been modified accordingly for purposes of
12 any such project). Demonstration projects under this para-
13 graph shall meet such conditions and requirements as the
14 Secretary shall prescribe, and no such project shall be con-
15 ducted for a period of more than 5 years.

16 “(B) The Secretary shall consider all applications re-
17 ceived from States desiring to conduct demonstration projects
18 under this paragraph, shall approve up to 5 applications in-
19 volving projects which appear likely to contribute significant-
20 ly to the achievement of the purpose of this paragraph, and
21 shall make grants to the States whose applications are ap-
22 proved to assist them in carrying out such projects. Both
23 urban and rural States must be included among the States
24 whose applications are approved.”.

1 SEC. 202. DEVELOPMENT OF NEW CHILD CARE RESOURCES.

2 (a) IN GENERAL.—Each State agency administering
3 the education, training, and work program under section 416
4 of the Social Security Act shall (as more particularly de-
5 scribed in subsections (b) and (c)) regularly assess the avail-
6 ability and reliability of the child care services which are
7 available to participants in such program, and shall take such
8 action as may be necessary or appropriate—

9 (1) to develop new child care resources as the
10 need may indicate; and

11 (2) to ensure the coordination of child care provid-
12 ed under section 402(g)(1) of the Social Security Act
13 with other child care programs, including child devel-
14 opment programs.

15 The actions required under the preceding sentence shall be
16 taken by the State agency in cooperation with the agency of
17 the State having jurisdiction over the provision of child care
18 services, and shall reflect and take full account of the infor-
19 mation set forth in the reports submitted by the State under
20 section 2006(c) of the Social Security Act (as added by sec-
21 tion 803 of this Act).

22 (b) ASSESSMENT.—Prior to and in conjunction with the
23 expenditure of funds available under section 402(g) of the
24 Social Security Act for child care for participants in the pro-
25 gram, each State shall conduct an assessment of the adequa-
26 cy and appropriateness of child care resources in the State or

1 particular communities in the State to meet the child care
2 needs of participants in the program and those of other fami-
3 lies receiving family support supplements. Such assessments
4 shall specifically address the adequacy of resources available
5 for children in different age groups, including infants, tod-
6 dlers, preschools, and school-age children, and for children
7 requiring part-time care.

8 (c) COORDINATION.—In order to encourage and facili-
9 tate coordination in the delivery of child care services, each
10 State may provide that funds to participants for child care
11 services under section 402(g) may be available to supplement
12 early childhood development programs within a State, includ-
13 ing Head Start programs, preschool programs funded under
14 chapter 1 of the Education Consolidation and Improvement
15 Act of 1981, schools and nonprofit child care programs (in-
16 cluding community-based organizations receiving State or
17 local funds designated for preschool programs for handi-
18 capped children), so as to extend these programs to provide
19 full day, full year services to children in participating
20 families.

21 (d) TREATMENT OF EXPENDITURES.—Amounts ex-
22 pended by a State or State agency in carrying out this sec-
23 tion shall be treated for purposes of section 403(a)(3)(C) of
24 the Social Security Act as having been made for the proper

1 and efficient administration of the State plan approved under
2 section 402 of that Act.

3 **SEC. 203. EFFECTIVE DATE.**

4 The amendments made by this title shall become effec-
5 tive October 1, 1987; except that—

6 (1) if the legislature of any particular State is not
7 in regular session on the date of the enactment of this
8 Act, and State legislation is required to provide the
9 funds needed to carry out the amendments made by
10 this title (or otherwise to implement such amendments)
11 in that State, such amendments shall become effective
12 with respect to that State on the first day of the first
13 fiscal year which begins after the legislature has subse-
14 quently convened for a regular session during which a
15 budget is (or is scheduled to be) adopted by the State;

16 (2) section 402(g)(2) of the Social Security Act (as
17 added by section 201(a) of this Act) shall become effec-
18 tive on the date on which the amendment made by sec-
19 tion 102(a) of this Act becomes effective; and

20 (3) the amendments made by section 201(b) of this
21 Act shall become effective on March 1, 1988.

1 TITLE III—REAL WORK INCENTIVES

2 SEC. 301. CHANGES IN EARNED INCOME DISREGARDS.

3 (a) IN GENERAL.—Section 402(a)(8) of the Social Secu-
4 rity Act (as amended by section 106(a)(1) of this Act) is fur-
5 ther amended to read as follows:

6 “(8)(A) provide (subject to subsection (g)(1)(C))
7 that, with respect to any month, in making the deter-
8 mination under paragraph (7), the State agency—

9 “(i) shall disregard all of the earned income
10 of each dependent child receiving family support
11 supplements who is (as determined by the State in
12 accordance with standards prescribed by the Sec-
13 retary) a full-time student or a part-time student
14 who is not a full-time employee attending a
15 school, college, or university, or a course of voca-
16 tional or technical training designed to prepare
17 him or her for gainful employment;

18 “(ii) shall disregard from the earned income
19 of any child or relative applying for or receiving
20 family support supplements, or of any other indi-
21 vidual (living in the same home as such relative
22 and child) whose needs are taken into account in
23 making such determination, the first \$100 of the
24 total of such earned income for such month;

1 “(iii) shall disregard from the earned income
2 of any child or relative receiving family support
3 supplements, or of any other individual (living in
4 the same home as such relative and child) whose
5 needs are taken into account in making such de-
6 termination, an amount equal to 25 percent of the
7 total of such earned income not disregarded under
8 any other clause of this subparagraph;

9 “(iv) shall disregard the first \$50 of any child
10 support payments received in such month with re-
11 spect to the dependent child or children in any
12 family applying for or receiving family support
13 supplements (including support payments collected
14 and paid to the family under section 457(b));

15 “(v) may disregard the income of any de-
16 pendent child or minor parent applying for or re-
17 ceiving family support supplements which is de-
18 rived from a program carried out under the Job
19 Training Partnership Act, but only in such
20 amounts and for such period of time (not to
21 exceed 6 months with respect to earned income)
22 as the Secretary may provide in regulations;

23 “(vi) may disregard all or any part of the
24 earned income of a dependent child who is a full-
25 time student and who is applying for family sup-

1 port supplements, but only if the earned income of
2 such child is excluded for such month in determin-
3 ing the family's total income under paragraph
4 (18); and

5 “(vii) shall disregard any refund of Federal
6 income taxes made to a family receiving family
7 support supplements by reason of section 32 of
8 the Internal Revenue Code of 1986 (relating to
9 earned income credit) and any payment made to
10 such a family by an employer under section 3507
11 of such Code (relating to advance payment of
12 earned income credit); and

13 “(B) provide that (with respect to any month) the
14 State agency shall not disregard, under clause (ii) or
15 (iii) of subparagraph (A), any earned income of any one
16 of the persons specified in subparagraph (A)(ii) if such
17 person—

18 “(i) terminated his or her employment or re-
19 duced his or her earned income without good
20 cause within such period (of not less than 30
21 days) preceding such month as may be prescribed
22 by the Secretary;

23 “(ii) refused without good cause, within such
24 period preceding such month as may be prescribed
25 by the Secretary, to accept employment in which

1 he or she is able to engage which is offered
2 through the public employment offices of the
3 State, or is otherwise offered by an employer if
4 the offer of such employer is determined by the
5 State or local agency administering the State
6 plan, after consulting with the employer, to be a
7 bona fide offer of employment; or

8 “(iii) failed without good cause to make a
9 timely report (as prescribed by the State plan pur-
10 suant to paragraph (14)) to the State agency of
11 earned income received in such month;”.

12 (b) INCREASES IN AMOUNTS TO BE DISREGARDED.—

13 (1) Section 402 of such Act (as amended by the preceding
14 provisions of this Act) is further amended by adding at the
15 end thereof the following new subsection:

16 “(h)(1) Any State may at its option increase the dollar
17 amount under clause (ii) or (iv) of subsection (a)(8)(A) or the
18 percentage figure under clause (iii) of such subsection (or in-
19 crease both of such dollar amounts, or either or both of such
20 dollar amounts as well as such percentage figure), effective
21 on the first day of any calendar quarter beginning on or after
22 the effective date of this subsection, so long as such increase
23 (or the combination of such increases) does not have the
24 effect of permitting a family to be eligible for aid under the
25 State plan for any month in violation of subsection (a)(18).

1 “(2) Whenever benefit amounts under title II are in-
2 creased by any percentage effective with any month as a
3 result of a determination made under section 215(i), the
4 dollar amount under subsection (a)(8)(A)(ii), as specified
5 therein or as previously increased under paragraph (1) of this
6 subsection or this paragraph, shall be increased by the same
7 percentage (and rounded, when not a multiple of \$1, to the
8 next lower such multiple), effective on the first day of the
9 following month; but no increase under this paragraph shall
10 be effective to the extent that it would permit a family to be
11 eligible for aid under the State plan for any month in viola-
12 tion of subsection (a)(18).”.

13 (2) Section 457(b)(1) of such Act is amended by insert-
14 ing after “monthly support payments” the following: “(or
15 such larger portion of the amounts so collected as the State
16 may have established, for purposes of section 402(a)(8)(A)(iv),
17 under section 402(h)(1))”.

18 (c) CONFORMING AMENDMENT.—Section 402(d) of
19 such Act is repealed.

20 SEC. 302. EFFECTIVE DATE.

21 The amendments made by section 301 shall be effective
22 on and after October 1, 1988; except that if the legislature of
23 any particular State is not in regular session on the date of
24 the enactment of this Act, and State legislation is required to
25 provide the funds needed to carry out the amendments made

1 by section 301 (or otherwise to implement such amendments)
2 in that State, such amendments shall become effective with
3 respect to that State on the first day of the first fiscal year
4 which begins after the legislature has subsequently convened
5 for a regular session during which a budget is (or is scheduled
6 to be) adopted by the State.

7 TITLE IV—TRANSITIONAL SERVICES FOR FAMI-
8 LIES; EXTENSION OF MEDICAID ELIGIBIL-
9 ITY

10 SEC. 401. MEDICAID EXTENSION IN CASES OF FSP INELIGIBIL-
11 ITY RESULTING FROM CARETAKER'S EMPLOY-
12 MENT.

13 Section 402(a) of the Social Security Act (as amended
14 by the preceding provisions of this Act) is further amended by
15 striking paragraph (37) and by inserting after paragraph (36)
16 the following new paragraph:

17 “(37) provide that if any family becomes ineligible
18 to receive family support supplements because of the
19 hours of or income from employment of the caretaker
20 relative, having received such supplements in at least 3
21 of the 6 months immediately preceding the month in
22 which such ineligibility begins, the family shall remain
23 eligible for medical assistance under the State's plan
24 approved under title XIX for an extended period or pe-
25 riods as provided in section 1924, and that the family

1 will be appropriately notified of such extension (in the
2 State agency's notice to the family of the termination
3 of its eligibility for such supplements) as required by
4 such section 1924;''.

5 **SEC. 402. MEDICAID EXTENSION IN CASES OF FSP INELIGIBIL-**
6 **ITY RESULTING FROM COLLECTION OF CHILD**
7 **OR SPOUSAL SUPPORT.**

8 Section 406(h) of the Social Security Act is amended by
9 striking "for an additional four calendar months beginning
10 with the month in which such ineligibility begins" and insert-
11 ing "for an additional six calendar months beginning with the
12 month in which such ineligibility begins, as provided in sec-
13 tion 1902(e)(1)(B); and the family shall be appropriately noti-
14 fied of such extension (in the State agency's notice to the
15 family of the termination of its eligibility for such aid)''.

16 **SEC. 403. EFFECTIVE DATE.**

17 The amendments made by this title shall apply with re-
18 spect to families that cease to be eligible for family support
19 supplements on or after the applicable date specified (for pur-
20 poses of the amendments made by sections 4131 and 4132 of
21 the Omnibus Budget Reconciliation Act of 1987) in section
22 4133 of that Act.

1 TITLE V—CHILD SUPPORT ENFORCEMENT
2 AMENDMENTS

3 SEC. 501. STATE GUIDELINES FOR CHILD SUPPORT AWARD
4 AMOUNTS.

5 (a) AUTOMATIC UPDATING OF GUIDELINES.—Section
6 467(a) of the Social Security Act is amended by striking out
7 “guidelines for child support award amounts within the
8 State” and all that follows and inserting in lieu thereof the
9 following: “guidelines for child support award amounts
10 within the State, along with procedures for the periodic
11 review and updating of all child support orders in accordance
12 with the procedures described in section 466(a)(10). The
13 guidelines may be established by law or by judicial or admin-
14 istrative action, and must be reviewed and updated if neces-
15 sary at least once every three years.”.

16 (b) GUIDELINES TO CREATE REBUTTABLE PRESUMP-
17 TION.—Section 467(b) of such Act is amended—

18 (1) by inserting “(1)” after “(b)”;

19 (2) by striking out “, but need not be binding
20 upon such judges or other officials”; and

21 (3) by adding at the end thereof the following new
22 paragraph:

23 “(2) There shall be a rebuttable presumption, in any
24 judicial or administrative proceeding for the award of child
25 support, that the amount of the award which would result

1 from the application of such guidelines is the correct amount
2 of child support to be awarded. A written finding or specific
3 finding on the record that the application of the guidelines
4 would be unjust or inappropriate in a particular case shall be
5 sufficient to rebut the presumption in that case.”.

6 (c) STATE LAW REQUIREMENTS.—Section 466(a) of
7 such Act is amended by inserting immediately after para-
8 graph (9) the following new paragraph:

9 “(10) Procedures (including expedited procedures
10 of the type described in paragraph (2)) requiring—

11 “(A) the uniform application of the guidelines
12 established under section 467, and

13 “(B) the updating of child support orders at
14 least once every two years on the basis of the
15 reapplication of the State’s child support guide-
16 lines to the current circumstances of the parties in
17 accordance with the due process requirements of
18 the State, including at a minimum the provision
19 to both parties of all information necessary to de-
20 termine a new award level under the guidelines
21 and notice and opportunity for a hearing if desired
22 by either party (but nothing in this paragraph or
23 in such procedures shall require the lowering of
24 any support award fixed by contract between the
25 parties).”.

1 **SEC. 502. ESTABLISHMENT OF PATERNITY.**

2 (a) **IN GENERAL.**—(1) Section 466(a)(5) of the Social
3 Security Act is amended by inserting “(A)” after “(5)”, and
4 by adding at the end thereof the following new subparagraph:

5 “(B) Procedures under which the State is required
6 (except in cases where the individual involved has been
7 found under section 402(a)(26)(B) to have good cause
8 for refusing to cooperate)—

9 “(i) to establish the paternity of every child
10 within the State who is a member of a family re-
11 ceiving aid under the State plan approved under
12 section 402(a), as soon as possible after such
13 child’s birth but in any event prior to such child’s
14 eighteenth birthday;

15 “(ii) to require the child and all other parties,
16 in a contested paternity case, to submit to genetic
17 tests upon the request of any such party; and

18 “(iii) to use a 95-percent probability index
19 from blood tests as a rebuttable presumption of
20 paternity.”.

21 (2) In the administration of the child support enforce-
22 ment program under part D of title IV of the Social Security
23 Act, each State is encouraged to establish and implement a
24 simple civil process for voluntarily acknowledging paternity
25 and a civil procedure for establishing paternity in contested
26 cases.

1 (3) A State shall be deemed to have satisfied the re-
2 quirement of section 466(a)(5)(B)(i) of the Social Security Act
3 in the fiscal year 1989 if the number of cases in which pater-
4 nity is established in that State in that fiscal year is at least
5 50 percent higher than the number of such cases in the fiscal
6 year 1986, and to have satisfied such requirement in any of
7 the 4 fiscal years following the fiscal year 1989 if the number
8 of cases in which paternity is established in that State in that
9 fiscal year is at least 15 percent higher than the number of
10 such cases in the preceding fiscal year.

11 (4) As of August 16, 1984, the requirements of section
12 466(a)(5)(A) of the Social Security Act (as designated by
13 paragraph (1) of this subsection) apply to any child for whom
14 paternity has not yet been established and any child for
15 whom a paternity action was brought but dismissed because a
16 statute of limitations of less than 18 years was then in effect
17 in the State.

18 (b) IMPUTATION OF SUPPORT IN COMPUTING INCEN-
19 TIVE PAYMENTS.—Section 458(c) of such Act is amended—

20 (1) by inserting “(1)” after “(c)”;

21 (2) by redesignating paragraphs (1) and (2) as sub-
22 paragraphs (A) and (B), respectively; and

23 (3) by adding at the end thereof the following new
24 paragraph:

1 “(2) In determining the State’s combined FSP/non-
2 FSP administrative costs for any fiscal year under this sec-
3 tion, the State shall be deemed to be collecting support in the
4 amount of \$100 a month, for a period of up to 12 months, in
5 every case in which paternity has been established but actual
6 collections have not commenced or the amount being actually
7 collected is less than \$100 a month.”.

8 **SEC. 503. DEMONSTRATION PROJECTS TO ADDRESS VISITA-**
9 **TION AND CUSTODY PROBLEMS.**

10 Section 1115(b) of the Social Security Act (as added and
11 amended by the preceding provisions of this Act) is further
12 amended by redesignating paragraph (6) as paragraph (7),
13 and by inserting after paragraph (5) the following new
14 paragraph:

15 “(6)(A) In order to encourage States to identify the
16 problems arising in connection with visitation by absent par-
17 ents and to address problems involving child custody, to de-
18 termine the magnitude of such problems, and to test possible
19 solutions thereto (including but not limited to the creation of
20 special staffs of mediators to deal with disputes involving
21 court-ordered child access privileges or custody), any State
22 may establish and conduct one or more demonstration
23 projects in accordance with such terms, conditions, and re-
24 quirements as the Secretary shall prescribe (except that no
25 such project may include the withholding of child support

1 payments pending visitation). No such project shall be con-
2 ducted for a period of more than 3 years.

3 “(B) The Secretary may make grants to any State, in
4 amounts not exceeding \$5,000,000 per year, to assist in fi-
5 nancing the project or projects established by such State
6 under this paragraph.”.

7 **SEC. 504. DISREGARDING OF CHILD SUPPORT PAYMENTS FOR**
8 **FSP PURPOSES.**

9 (a) **IN GENERAL.**—Clause (iv) of section 402(a)(8)(A) of
10 the Social Security Act (as amended by section 301(a) of this
11 Act) is further amended by striking out “of any child support
12 payments received in such month” and inserting in lieu
13 thereof the following: “of any child support payment received
14 in such month which was due for that month, and the first
15 \$50 of any child support payment received in such month
16 which was due for a prior month if such payment was timely
17 made when due by the absent parent,”.

18 (b) **CONFORMING AMENDMENT.**—Section 457(b)(1) of
19 such Act (as amended by section 301(b)(2) of this Act) is
20 further amended by inserting immediately before “shall be
21 paid” the following: “, including a payment received in one
22 month which was due for a prior month if it was timely made
23 when due by the absent parent,”.

1 **SEC. 505. REQUIREMENT OF PROMPT STATE RESPONSE TO RE-**
2 **QUESTS FOR CHILD SUPPORT ASSISTANCE.**

3 (a) **IN GENERAL.**—Section 452 of the Social Security
4 Act is amended by adding at the end thereof the following
5 new subsection:

6 “(g) The standards required by subsection (a)(1) shall
7 establish limitations on the period of time (after the determi-
8 nation of a family’s eligibility for aid under a State plan ap-
9 proved under section 402 or the filing of an application for
10 services under this part) within which a State must (1) re-
11 spond to requests for assistance in locating absent parents or
12 establishing paternity, and (2) begin proceedings to establish
13 or enforce child support awards.”.

14 (b) **STATE PLAN REQUIREMENT.**—Section 454 of such
15 Act is amended—

16 (1) by striking out “and” after the semicolon at
17 the end of paragraph (22);

18 (2) by striking out the period at the end of para-
19 graph (23) and inserting in lieu thereof “; and”; and

20 (3) by inserting immediately after paragraph (23)
21 the following new paragraph:

22 “(24) provide that the State will observe and
23 comply with the time limits established under section
24 452(g).”.

1 SEC. 506. AUTOMATED TRACKING AND MONITORING SYSTEMS.

2 (a) IN GENERAL.—Section 454 of the Social Security
3 Act (as amended by section 505(b) of this Act) is further
4 amended—

5 (1) by striking out “and” after the semicolon at
6 the end of paragraph (23);

7 (2) by striking out the period at the end of para-
8 graph (24) and inserting in lieu thereof “; and”; and

9 (3) by inserting immediately after paragraph (24)
10 the following new paragraph:

11 “(25) provide that, if it does not already have in
12 effect an automatic data processing and information re-
13 trieval system meeting all of the requirements of para-
14 graph (16), the State—

15 “(A) will submit to the Secretary by
16 October 1, 1989 (for his review and approval no
17 later than October 1, 1990) an advance automatic
18 data processing planning document of the type re-
19 ferred to in that paragraph; and

20 “(B) will have in effect by October 1, 1992,
21 an operational automatic data processing and in-
22 formation retrieval system meeting all the require-
23 ments of that paragraph.”.

24 (b) REPEAL OF 90-PERCENT FEDERAL REIMBURSE-
25 MENT RATE FOR AUTOMATED DATA SYSTEMS.—Effective
26 October 1, 1992, section 455(a)(1) of such Act is amended by

1 striking out “an amount—” and all that follows down
2 through “except that” and inserting in lieu thereof the fol-
3 lowing: “an amount equal to the percent specified in para-
4 graph (2) of the total amounts expended by such State during
5 such quarter for the operation of the plan approved under
6 section 454; except that”.

7 **SEC. 507. COSTS OF INTERSTATE ENFORCEMENT DEMONSTRA-**
8 **TIONS EXCLUDED IN COMPUTING INCENTIVE**
9 **PAYMENTS.**

10 Section 458(d) of the Social Security Act is amended by
11 inserting immediately before the period at the end thereof the
12 following: “, and any amounts expended by the State in car-
13 rying out a special project assisted under section 455(e) shall
14 be excluded”.

15 **SEC. 508. FEDERAL MATCHING REDUCED FOR STATES WHICH**
16 **ARE NOT IN COMPLIANCE WITH 1984 AMEND-**
17 **MENTS; REQUIREMENT OF IMMEDIATE INCOME**
18 **WITHHOLDING.**

19 (a) **MATCHING REDUCED FOR STATES NOT IN COM-**
20 **PLIANCE WITH 1984 AMENDMENTS.**—Section 455(a)(2) of
21 the Social Security Act is amended—

22 (1) by striking out “The percent” and inserting in
23 lieu thereof “(A) Except as provided in subparagraph
24 (B), the percent”;

(2) by redesignating the existing subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively; and

(3) by adding at the end thereof the following new subparagraph:

“(B) In the case of a State that is not fully in compliance with the Child Support Enforcement Amendments of 1984, as determined by the Secretary, at any time after the expiration of 6 months after the date of the enactment of this subparagraph, the percent applicable to any quarter for purposes of paragraph (1) is 66 percent.”.

(b) REQUIREMENT OF AUTOMATIC WITHHOLDING.—

(1) Section 446(b)(3) of such Act is amended to read as follows:

“(3) Such withholding shall apply in every case where an individual residing in the State owes child support under a court order which has been issued or modified in the State (or under an order of an administrative process established by a law of the State), without the necessity of any application therefor or of any determination as to whether or not such individual is in arrears; except that an exemption from this requirement must be permitted by the State in any case where (A) one of the parties demonstrates, and the court (or administrative process) finds, that there is

1 good cause not to require immediate income withhold-
2 ing, or (B) a written agreement is reached between
3 both parties which provides for an alternative arrange-
4 ment.”.

5 (2) The amendment made by paragraph (1) shall become
6 effective on October 1, 1988.

7 **SEC. 509. COMMISSION ON INTERSTATE ENFORCEMENT.**

8 (a) **ESTABLISHMENT OF COMMISSION; PURPOSE.—**

9 There is hereby established a study commission to examine
10 the problems of interstate child support enforcement and to
11 develop a new model interstate law to facilitate and strength-
12 en such enforcement.

13 (b) **MEMBERSHIP.—**The commission shall consist of 15
14 members, as follows:

15 (1) Two Members of the Senate, one selected by
16 the Majority Leader of the Senate and the other by the
17 Minority Leader of the Senate.

18 (2) Two Members of the House of Representa-
19 tives, one selected by the Speaker of the House and
20 the other by the Minority Leader of the House.

21 (3) The Secretary of Health and Human Services.

22 (4) A representative of the Commissioners on Uni-
23 form State Laws.

24 (5) A director of a State child support enforce-
25 ment agency.

1 (6) A State or local prosecutor.

2 (7) Seven advocates for or representatives of cus-
3 todial and non-custodial parents.

4 The members specified in paragraphs (4) through (7) shall be
5 selected jointly by the Speaker of the House and the Majority
6 Leader of the Senate in consultation with the Minority
7 Leader of the House and the Minority Leader of the Senate.

8 (c) REPORT.—No later than one year after the date of
9 the enactment of this Act, the commission shall submit to the
10 President and the Congress a full and complete report of the
11 results of its study, including a draft of a model State law
12 designed to facilitate and strengthen interstate child support
13 enforcement, along with such recommendations as the com-
14 mission may have for further legislative, administrative, and
15 other actions at every level.

16 (d) AUTHORIZATION OF FUNDS.—There are authorized
17 to be appropriated such sums as may be necessary to carry
18 out this section.

19 **SEC. 510. STUDY OF CHILD-RAISING COSTS.**

20 The Secretary of Health and Human Services shall con-
21 duct a study of the patterns of expenditures on children in
22 two-parent families, in single-parent families following di-
23 vorce, and in single-parent families in which the parents were
24 never married, giving particular attention to the relative
25 standards of living in households in which both parents and

1 all of the children do not live together. The Secretary shall
2 submit to the Congress no later than two years after the date
3 of the enactment of this Act a full and complete report of the
4 results of such study, including such recommendations as the
5 Secretary may have for legislative, administrative, and other
6 actions. There are authorized to be appropriated such sums
7 as may be necessary to carry out this section.

8 **SEC. 511. DEMONSTRATION PROJECTS TO TEST VOLUNTARY**
9 **WORK, EDUCATION, AND TRAINING FOR FA-**
10 **THERS WHO ARE UNABLE TO PAY CHILD**
11 **SUPPORT.**

12 Section 1115(b) of the Social Security Act (as added and
13 amended by the preceding provisions of this Act) is further
14 amended by redesignating paragraph (7) as paragraph (8),
15 and by inserting after paragraph (6) the following new para-
16 graph:

17 “(7) In order to permit States to test methods of
18 improving child support enforcement in cases where the non-
19 custodial parent is financially unable to meet his support obli-
20 gations, any State may undertake and carry out a demonstra-
21 tion project under which absent parents who owe child
22 support, but whose income is insufficient to pay such support,
23 are encouraged by all possible means to participate in the
24 State’s education, training, and work program established
25 under section 416, in an appropriate State program under the

1 Job Training Partnership Act, or in a similar program. Dem-
2 onstration projects under this paragraph shall be established
3 and carried out in accordance with such conditions and re-
4 quirements as the Secretary shall prescribe; and the Secre-
5 tary shall make grants to the States conducting such projects
6 to assist in their financing.”.

7 **SEC. 512. COLLECTION AND REPORTING OF CHILD SUPPORT**
8 **ENFORCEMENT DATA.**

9 (a) **IN GENERAL.**—The Secretary of Health and
10 Human Services shall collect and maintain up-to-date statis-
11 tics, by State, with respect to each of the services specified in
12 subsection (b) (separately stated in the case of each such
13 service for families receiving aid under plans approved under
14 part A of title IV of the Social Security Act and for families
15 not receiving such aid), on—

16 (1) the number of cases in the child support en-
17 forcement agency caseload under part D of title IV of
18 the Social Security Act which need the service in-
19 volved;

20 (2) the number of such cases in which the service
21 has actually been provided; and

22 (3) the number of cases described in paragraph (2)
23 as a percentage of the number of cases described in
24 paragraph (1).

1 (b) SERVICES INVOLVED.—The services referred to in
2 subsection (a) are—

3 (1) paternity determination;

4 (2) location of an absent parent for the purpose of
5 establishing a child support obligation;

6 (3) establishment of a child support obligation; and

7 (4) location of an absent parent for the purpose of
8 enforcing or modifying an established child support
9 obligation.

10 SEC. 513. ASSISTANCE IN LOCATING ABSENT PARENTS.

11 (a) PROVISION OF INFORMATION BY SECRETARY OF
12 LABOR.—The Secretary of Labor shall make available to the
13 Parent Locator Service established under section 453 of the
14 Social Security Act and to any State child support enforce-
15 ment agency which requests it, for child support enforcement
16 purposes, from the cross-match system used by the Secretary
17 in determining eligibility for unemployment insurance and ac-
18 cessed by INTERNET, all available information on the
19 name, social security account number, current address, and
20 place of employment of any specified individual.

21 (b) REIMBURSEMENT.—The Parent Locator Service
22 and each State child support enforcement agency, upon re-
23 ceiving information from the Secretary of Labor under sub-
24 section (a), shall reimburse the Secretary for the reasonable
25 cost of providing such information (and, in the case of a State

1 child support enforcement agency, such reimbursement shall
2 constitute an expenditure made for the operation of the plan
3 approved under section 454 of the Social Security Act).

4 **SEC. 514. EFFECTIVE DATE.**

5 Except to the extent otherwise specifically indicated,
6 the amendments made by this title shall become effective on
7 the first day of the first calendar quarter which begins one
8 year or more after the date of the enactment of this Act.

9 **TITLE VI—PRO-FAMILY WELFARE POLICIES**

10 **SEC. 601. REQUIREMENT THAT AID BE PROVIDED WITH RE-**
11 **SPECT TO DEPENDENT CHILDREN IN TWO-**
12 **PARENT FAMILIES.**

13 (a) **IN GENERAL.**—Section 402(a) of the Social Security
14 Act is amended—

15 (1) by striking out “and” after the semicolon at
16 the end of paragraph (38);

17 (2) by striking out the period at the end of para-
18 graph (39) and inserting in lieu thereof “; and”; and

19 (3) by inserting immediately after paragraph (39)
20 the following new paragraph:

21 “(40) provide that payments of family support
22 supplements will be made under the plan with respect
23 to dependent children of unemployed parents, in ac-
24 cordance with section 407.”.

1 (b) CONFORMING AMENDMENTS.—(1) Section 407(b) of
 2 such Act is amended by striking out “(b) The provisions” and
 3 all that follows down through “(1) requires” and inserting in
 4 lieu thereof the following:

5 “(b) In providing for the payment of family support sup-
 6 plements under the State’s plan approved under section 402
 7 in the case of families which include dependent children
 8 within the meaning of subsection (a) of this section, as re-
 9 quired by section 402(a)(40), the State’s plan—

10 “(1) shall require”.

11 (2) Section 407(b)(2) of such Act is amended by striking
 12 out “provides—” and inserting in lieu thereof “shall pro-
 13 vide—”.

14 (c) QUARTERS OF WORK BASED ON EDUCATION OR
 15 TRAINING.—(1) Section 407(d)(1) of such Act (as amended
 16 by section 106(a)(10) of this Act) is further amended—

17 (A) by inserting “(A)” after “means a calendar
 18 quarter”; and

19 (B) by inserting before the semicolon at the end
 20 thereof the following: “, or (B) if the State plan so
 21 provides (but subject to the last sentence of this sub-
 22 section), in which such individual (i) was in regular
 23 full-time attendance as a student at an elementary or
 24 secondary school, (ii) was in regular full-time attend-
 25 ance in a course of vocational or technical training de-

signed to fit him or her for gainful employment, or (iii) participated in an education or training program established under the Job Training Partnership Act”.

(2) Section 407(d) of such Act is further amended by adding at the end thereof (after and below paragraph (4)) the following new sentence:

“No individual shall be credited during his or her lifetime (for purposes of subsection (b)(1)(C)(i)) with more than 4 ‘quarters of work’ based on attendance in a course or courses of vocational or technical training as described in paragraph (1)(B)(ii) of this subsection.”.

(3) Section 407(b)(1)(C)(i) of such Act is amended by inserting after “6 or more quarters of work (as defined in subsection (d)(1))” the following: “, including 2 or more quarters of work as defined in subsection (d)(1)(A),”.

(d) GAO STUDY.—The Comptroller General shall conduct a study of the administration by the States of the family support program in cases involving unemployed parents under section 407 of the Social Security Act, with particular reference to the policies and regulations governing the administration of such program in those cases, and shall recommend to the Congress within 6 months after the date of the enactment of this Act such changes in current law and regulation as in his judgment would make such administration less cumbersome and less prone to error in the payment

1 of such aid. There are authorized to be appropriated such
2 sums as may be necessary to carry out this section.

3 (e) **EFFECTIVE DATE.**—The amendments made by sub-
4 sections (a), (b), and (c) shall become effective January 1,
5 1990.

6 **SEC. 602. SPECIAL PROVISIONS FOR FAMILIES HEADED BY**
7 **MINOR PARENTS.**

8 (a) **CASE MANAGEMENT SERVICES; LIVING ARRANGE-**
9 **MENTS AND PAYMENTS OF AID.**—(1) Section 402(a) of the
10 Social Security Act is amended by inserting after paragraph
11 (28) the following new paragraph:

12 “(29) provide for the assignment of a case manag-
13 er to each family which is receiving family support
14 supplements under the plan and which is headed by a
15 minor parent, as described in section 417, and include
16 the other provisions and conditions required by that
17 section;”.

18 (2) Part A of title IV of such Act (as amended by sec-
19 tion 102(a) of this Act) is further amended by adding at the
20 end thereof the following new section:

21 **“SPECIAL PROVISIONS FOR FAMILIES HEADED BY MINOR**
22 **PARENTS**

23 **“SEC. 417. (a)(1)** The State agency shall assign an indi-
24 vidual case manager to each family, receiving family support
25 supplements under the State’s plan approved under section
26 402, which is headed by a minor parent. The case manager

1 so assigned shall be responsible for assuring that the family
2 receives and effectively uses all of the aid and services which
3 are available to it under the plan and under related laws and
4 programs, and for supervising and monitoring the provision
5 and use of such aid and services. Each case manager as-
6 signed under this subsection shall maintain a caseload suffi-
7 ciently small to assure the provision of intensive services to
8 and close supervision of the families to which he or she is
9 assigned.

10 “(2) If the family is participating in the program under
11 section 416, only one case manager shall be assigned to per-
12 form all case management functions for the family.

13 “(b)(1)(A) Each family headed by an unmarried minor
14 parent shall be required to live with a parent, legal guardian,
15 or other adult relative of such minor parent or in a foster
16 home, maternity home, or other supportive living arrange-
17 ment, except to the extent that the State agency determines
18 that it is impossible or inappropriate to do so (as more par-
19 ticularly described in subparagraph (B)). The case manager
20 assigned to the family may in any event require that pay-
21 ments of family support supplements with respect to the
22 family be made when appropriate to a third party in the
23 manner described in section 406(b)(2) (which in such a case
24 shall be without regard to clauses (A) through (D) thereof);
25 and if the minor parent is not living under adult supervision,

1 and an appropriate relative or other representative payee
2 cannot be found, the case manager may serve as representa-
3 tive payee.

4 “(B) The State agency may determine that it is impossi-
5 ble or inappropriate for a minor parent to live with a parent
6 or legal guardian if—

7 “(i) the minor parent has no living parent or legal
8 guardian whose whereabouts are known;

9 “(ii) the health or safety of the minor parent or
10 the child would be jeopardized if they lived with the
11 parent or guardian, or the living conditions of the
12 parent or guardian are overcrowded;

13 “(iii) the parent or guardian refuses to allow the
14 minor parent and child to live in his or her home; or

15 “(iv) the minor parent has lived apart from the
16 parent or guardian for at least a year prior to the birth
17 of the child or prior to making application for supple-
18 ments under the plan.

19 “(2) In any case where the parent with whom the minor
20 parent is living is also eligible for family support supplements
21 (by reason of the presence in the household of one or more
22 other children of such parent), the State must provide (not-
23 withstanding paragraph (38)) that the minor parent and the
24 minor parent’s child or children constitute a family unit sepa-

1 rate from that of the minor parent's parent and such other
2 children.

3 “(c) The State may at its option (1) require school at-
4 tendance by the minor parent on a part-time basis as a condi-
5 tion of such parent's eligibility for aid under the State plan,
6 or (2) require that the minor parent participate in training in
7 parenting and family living skills, including nutrition and
8 health education, as a condition of such eligibility (without
9 regard to the age of the child or children); but in either case
10 only if and to the extent that day care for the child or chil-
11 dren is guaranteed (and is guaranteed within the applicable
12 dollar limitations set forth in section 402(g) if the child or any
13 of the children is below 3 years of age).

14 “(d) Amounts expended by a State under this section in
15 providing case management services with respect to families
16 headed by minor parents shall be considered, for purposes of
17 section 403(a)(3)(D), to be expenditures for the proper and
18 efficient administration of the State plan.

19 “(e) For purposes of this section, the term ‘minor
20 parent’ means a parent who has not yet attained the age
21 of 18.”.

22 (b) REPEAL OF PROVISION ATTRIBUTING GRANDPAR-
23 ENT'S INCOME TO DEPENDENT CHILD IN MINOR PARENT
24 FAMILY.—Section 402(a) of such Act is further amended by
25 striking out paragraph (39).

1 (c) **EFFECTIVE DATE.**—The amendments made by this
2 section shall become effective on October 1, 1987.

3 **TITLE VII—BENEFIT IMPROVEMENTS**

4 **SEC. 701. PERIODIC RE-EVALUATIONS OF NEED AND PAY-**
5 **MENT STANDARDS.**

6 Section 402 of the Social Security Act (as amended by
7 the preceding provisions of this Act) is further amended by
8 adding at the end thereof the following new subsection:

9 “(i) Each State shall annually re-evaluate its need
10 standard and its payment standard under the family support
11 program, giving particular attention to whether or not the
12 amount which it has assumed to be necessary for shelter, in
13 setting such standards, is adequate in the light of current
14 housing costs in the State and in different regions within the
15 State. The result of each such re-evaluation shall be reported
16 by the State to the Secretary, to the Congress, and to the
17 public.”.

18 **SEC. 702. ENCOURAGEMENT OF STATES TO INCREASE FSP**
19 **BENEFIT LEVELS.**

20 (a) **IN GENERAL.**—(1) Section 403 of the Social Securi-
21 ty Act is amended by adding at the end thereof the following
22 new subsection:

23 “(k)(1)(A) In the case of any State which, effective on or
24 after October 1, 1988, increases the level of the family sup-
25 port supplements which are payable under its approved State

1 plan, the percentage of the total amount expended during any
2 quarter as family support supplements under such plan which
3 would otherwise be payable to the State (without regard to
4 this subsection) as the Federal share of such expenditures
5 under subsection (a)(1) or (2) (with or without the application
6 of section 1118), to the extent that the total amount so ex-
7 pended is attributable to such increase, shall be equal to the
8 percentage of the Federal share of the expenses attributable
9 to such increase, as it would be determined by the application
10 of subsection (a)(1) or (2) without regard to this subsection,
11 increased by 25 percent (but not to more than 90 percent).

12 “(B) If the increase involved becomes effective on the
13 first day of a quarter, subparagraph (A) shall apply with re-
14 spect to expenditures made on and after such first day. If the
15 increase becomes effective at any other time during a quar-
16 ter, subparagraph (A) shall apply only with respect to ex-
17 penditures made on and after the first day of the following
18 quarter.

19 “(C) The resulting net Federal share of the total
20 amounts expended during such quarter as family support sup-
21 plements under the State plan (including both the expendi-
22 tures to which this paragraph applies and the expenditures to
23 which it does not) shall be determined as provided in para-
24 graph (2).

1 “(2)(A) Whenever a State (effective on or after
2 October 1, 1988) increases the level of the family support
3 supplements which are payable under its approved State
4 plan, the Secretary shall determine with respect to each par-
5 ticular size of family separately specified under the plan (as-
6 suming for this purpose that no family has any other
7 income)—

8 “(i) the level of such supplements (expressed as a
9 monthly dollar amount) as of September 30, 1988;

10 “(ii) the level of such supplements (expressed as a
11 monthly dollar amount) immediately after such increase
12 becomes effective;

13 “(iii) the dollar amount of the increase (if any) in
14 such level; and

15 “(iv) the percentage of the State’s total FSP case-
16 load (i.e., of the total number of families receiving
17 family support supplements under the plan) which is
18 represented by families of that particular size.

19 “(B) The Federal share of the expenditures which are
20 made as family support supplements under the State plan
21 with respect to families of any particular size during any
22 quarter commencing with the later of the quarter beginning
23 October 1, 1988, or the first quarter in which the increase is
24 effective, and which (if any) are attributable to such increase,
25 shall be a percentage equal to—

“(i) the sum of (I) the level determined under subparagraph (A)(i) for such families multiplied by the net Federal percentage determined under subsection (a) (1) or (2) or section 1118 without regard to this subsection, and (II) the amount of the increase (if any) determined under subparagraph (A)(iii) for such families multiplied by the percentage of the Federal share of the expenditures attributable to such increase as determined under paragraph (1)(A),

divided by—

“(ii) the level determined under subparagraph (A)(ii),

with the resulting quotient multiplied by—

“(iii) the percentage of the State’s total FSP caseload which is represented by families of that particular size as determined under subparagraph (A)(iv).

“(C) The net Federal share of the total amounts expended during the quarter involved as family support supplements under the State’s approved plan for purposes of subsection (a) (1) or (2) shall be a percentage equal to the sum of the percentages determined for all family sizes by the application of clauses (i), (ii), and (iii) of subparagraph (B) to families of each such size separately; and the percentage of such net Federal share as so determined shall be in lieu of the percent-

1 age which would otherwise be applied under subsection (a)
2 (1) or (2) or under section 1118.”.

3 (2)(A) Section 403(a) of such Act is amended by striking
4 out “an amount equal to” in paragraphs (1) and (2) and in-
5 serting in lieu thereof in each instance “an amount (subject to
6 subsection (k)) equal to”.

7 (B) The first sentence of section 1118 of such Act is
8 amended by inserting “(subject to section 403(k))” after “be
9 determined”.

10 (3) The Secretary of Health and Human Services shall
11 monitor and study the implementation of the amendments
12 made by this subsection and the effect of such amendments
13 on benefit levels and related aspects of the program under
14 part A of title IV of the Social Security Act, and shall submit
15 to the Congress on or before October 1, 1991, and again on
16 or before October 1, 1993, a detailed report on such imple-
17 mentation and effect.

18 (b) PROHIBITION AGAINST BENEFIT REDUCTIONS.—
19 Section 402(a) of such Act (as amended by sections 601(a)
20 and 602(b) of this Act) is further amended by inserting after
21 paragraph (38) the following new paragraph:

22 “(39) provide that the State will not reduce the
23 level of the aid payable under the State plan to fami-
24 lies of any size or composition below the level in effect
25 for such families on June 10, 1987 (or below a level

1 scheduled to become effective for such families after
2 that date (and on or before September 30, 1988) under
3 a State law enacted on or before June 10, 1987);
4 and''.

5 (c) SUNSET PROVISION.—The amendment made by
6 subsection (a) shall not apply with respect to any increase
7 (made by a State in the level of the family support supple-
8 ments payable under its approved State plan) which becomes
9 effective after October 1, 1991 (but such amendments shall
10 continue to apply, after October 1, 1991, with respect to any
11 such increases which became effective on or before that date).

12 **SEC. 703. STUDY OF NEW NATIONAL APPROACHES TO WEL-**
13 **FARE BENEFITS FOR LOW-INCOME FAMILIES**
14 **WITH CHILDREN.**

15 (a) IN GENERAL.—The Secretary of Health and
16 Human Services shall enter into a contract or arrangement
17 with the National Academy of Sciences for the study of a
18 new national system of welfare benefits for low-income fami-
19 lies with children, giving particular attention to what an ap-
20 propriate national minimum benefit might be and how it
21 should be calculated. The study shall give consideration to
22 alternative minimum benefit proposals including proposals for
23 benefits based on a family living standard, on weighted na-
24 tional median income, on State median income, and on the
25 poverty level, and shall take into account the probable impact

1 of a national minimum benefit on individuals and on State
2 and local governments.

3 (b) METHODOLOGY.—(1) The study under this section
4 shall include the development of a uniform national methodol-
5 ogy which could be used to calculate State-specific family
6 living standards and benefits based on other minimum benefit
7 proposals.

8 (2) The methodology so developed shall be designed to
9 identify a single uniform measure suitable for application in
10 each State, and shall—

11 (A) take into account actual living costs in each
12 State while permitting variances in such costs as be-
13 tween the different geographic areas of the State;

14 (B) take into account variations in actual living
15 costs in each State for families of different sizes and
16 composition; and

17 (C) specify an effective process for reassessing and
18 updating both the methodology and the resulting family
19 living standards and benefits based on other minimum
20 benefit policies at least once every four years.

21 (3) The methodology so developed shall reflect the costs
22 of basic necessities including housing, furnishings, food, cloth-
23 ing, transportation, utilities, and other maintenance items;
24 and the study shall take into account variations in costs for
25 different geographic areas of the State where such costs may

1 be substantially different, and variations in costs for families
2 of different sizes and composition.

3 (c) OTHER CONSIDERATIONS; PROGRESSION TO PRO-
4 POSED MINIMUM BENEFIT LEVELS.—In order to assess the
5 implications of States moving to a new system of welfare
6 benefits, the study shall include an analysis of the relation-
7 ship between a State's fiscal capacity and other circum-
8 stances and constraints and the application of a full family
9 living standard or other minimum benefit policy. The study
10 shall propose a formula designed to achieve a uniform pro-
11 gression from the level of assistance currently being provided
12 for low-income families with children under the family sup-
13 port program, the food stamp program, and the low-income
14 energy assistance program, by each State, to a level based on
15 the full family living standard or other minimum benefit
16 policy for that State. For this purpose the Secretary shall
17 define the term "low-income families with children" in a
18 manner which reflects all families that include dependent
19 children as defined for purposes of the family support
20 program.

21 (d) REPORT AND RECOMMENDATIONS.—The Academy
22 shall report its recommendations resulting from the study
23 under this section to the Secretary no later than 24 months
24 after the date of the enactment of this Act; and the Secretary

1 shall promptly transmit such recommendations to the
2 Congress.

3 (e) AUTHORIZATION OF FUNDS.—There are authorized
4 to be appropriated such sums as may be necessary to carry
5 out this section.

6 TITLE VIII—MISCELLANEOUS PROVISIONS

7 SEC. 801. COORDINATION OF FAMILY SUPPORT AND FOOD 8 STAMP POLICIES.

9 (a) APPOINTMENT AND MEMBERSHIP OF COMMIS-
10 SION.—There is hereby established a Commission on the Co-
11 ordination of Family Support and Food Stamp Policies (here-
12 inafter referred to as the “Commission”), consisting of 15
13 members as follows:

14 (1) The Secretary of Health and Human Services.

15 (2) The Secretary of Agriculture.

16 (3) Two Members of the Senate, one selected by
17 the Majority Leader of the Senate and the other by the
18 Minority Leader of the Senate.

19 (4) Two Members of the House of Representa-
20 tives, one selected by the Speaker of the House and
21 the other by the Minority Leader of the House.

22 (5) Two State Governors, one selected jointly by
23 the Speaker of the House and the Majority Leader of
24 the Senate and the other selected jointly by the Mi-

1 nurity Leader of the House and the Minority Leader of
2 the Senate.

3 (6) Seven other members, including State and
4 local officials responsible for administering the family
5 support and food stamp programs, representatives of
6 welfare advocacy organizations, and individuals with
7 demonstrated expertise in welfare policy, to be selected
8 jointly by the Speaker of the House and the Majority
9 Leader of the Senate in consultation with the Minority
10 Leader of the House and the Minority Leader of the
11 Senate.

12 (b) PURPOSE.—It shall be the purpose of the commis-
13 sion—

14 (1) to study and consider the policies and defini-
15 tions being implemented or used (under law or adminis-
16 trative practice) in the administration of the family sup-
17 port program under part A of title IV of the Social Se-
18 curity Act and those being so implemented or used in
19 the administration of the food stamp program under the
20 Food Stamp Act of 1977;

21 (2) to identify the policies and definitions being
22 implemented or used under each such program which
23 are inconsistent or in conflict with those being imple-
24 mented or used under the other; and

1 (3) to make recommendations for developing
2 common policies and definitions for use under both pro-
3 grams and thereby eliminating such inconsistency or
4 conflict to the maximum extent possible.

5 (c) **REPORT.**—The commission shall submit to the
6 President and the Congress within one year after the date of
7 the enactment of this Act a full and complete report on its
8 study under this section, including its recommendations for
9 such legislative, administrative, and other actions as may be
10 considered appropriate.

11 (d) **AUTHORIZATION OF FUNDS.**—There are authorized
12 to be appropriated such sums as may be necessary to carry
13 out this section.

14 **SEC. 802. UNIFORM REPORTING REQUIREMENTS.**

15 Section 403 of the Social Security Act is amended by
16 inserting immediately before subsection (f) the following new
17 subsection:

18 “(e) In order to assist in obtaining the information
19 needed to carry out subsection (b)(1) and otherwise to per-
20 form his duties under this part, the Secretary shall establish
21 uniform reporting requirements under which each State will
22 be required periodically to furnish such information and data
23 as the Secretary may determine to be necessary to ensure
24 that sections 402(a)(37), 402(g), and 417 are being effectively
25 implemented, including at a minimum the average monthly

1 number of families assisted under each such section, the types
2 of such families, the amounts expended with respect to such
3 families, and the length of time for which such families are
4 assisted. The information and data so furnished with respect
5 to families assisted under section 402(g) shall be separately
6 stated with respect to families who have earnings and those
7 who do not, and with respect to families who are receiving
8 aid under the State plan and those who are not.”.

9 **SEC. 803. STATE REPORTS ON EXPENDITURE AND USE OF**
10 **SOCIAL SERVICES FUNDS.**

11 Section 2006 of the Social Security Act is amended—

12 (1) by striking out that part of the second sen-
13 tence of subsection (a) which precedes “as the State
14 finds necessary” and inserting in lieu thereof “Reports
15 shall be prepared annually, covering the most recently
16 completed fiscal year, and shall be in such form and
17 contain such information (including but not limited to
18 the information specified in subsection (c))”;

19 (2) by redesignating subsection (c) as subsection
20 (d); and

21 (3) by inserting after subsection (b) the following
22 new subsection:

23 “(c) Each report prepared and transmitted by a State
24 under subsection (a) shall set forth (with respect to the fiscal
25 year covered by the report)—

1 “(1) the number of individuals who received serv-
2 ices paid for in whole or in part with funds made avail-
3 able under this title, showing separately the number of
4 children and the number of adults who received such
5 services, and broken down in each case to reflect the
6 types of services and circumstances involved;

7 “(2) the amount actually spent in providing each
8 such type of service, showing separately for each type
9 of service the amount spent per child recipient and the
10 amount spent per adult recipient;

11 “(3) the criteria applied in determining eligibility
12 for services (such as income eligibility guidelines, slid-
13 ing fee scales, the effect of public assistance benefits,
14 and any requirements for enrollment in school or train-
15 ing programs); and

16 “(4) the methods by which services were provid-
17 ed, showing separately the services provided by public
18 agencies and those provided by private agencies, and
19 broken down in each case to reflect the types of serv-
20 ices and circumstances involved.

21 The Secretary shall establish uniform definitions of services
22 for use by the States in preparing the information required by
23 this subsection.”.

1 SEC. 804. EVALUATION OF EMPLOYMENT, TRAINING, AND
2 WORK PROGRAMS AND RELATED PROGRAMS.

3 (a) STATEMENT OF PURPOSE.—It is the view of the
4 Congress that there is now a broad national consensus on the
5 importance of work and preparation for work as a means of
6 avoiding the dependency often associated with poverty. In
7 recent years, the States have undertaken impressive new job
8 search, education, training, and employment programs de-
9 signed to help welfare recipients achieve financial independ-
10 ence. Evaluations of these programs provide some reason to
11 think they may be successful in moving welfare recipients
12 into the workforce. In enacting this Act the Congress is at-
13 tempting to help the States pursue these programs by provid-
14 ing generous new resources and a great deal of flexibility in
15 designing and implementing the programs. In addition, the
16 Congress is granting the States great latitude in using funds
17 currently addressed to meeting the needs of low-income citi-
18 zens and citizens living in poverty. But the Congress also
19 intends to learn as much as possible from this new invest-
20 ment of public funds and this new enrichment of Federal-
21 State relations. In recent years the Congress has profited
22 from the knowledge produced by large-scale evaluations; it is
23 the intent of the Congress to pursue the strategy of careful
24 evaluation of social programs in order to improve and perfect
25 the legislation upon which these programs are based. It is the
26 purpose of this section to carry out this objective.

1 (b) ESTABLISHMENT OF INTERAGENCY PANEL.—

2 Within 3 months after the enactment of this Act, the Secre-
3 tary of Health and Human Services shall convene an Inter-
4 agency Panel consisting of representatives from the Office of
5 Management and Budget, the Congressional Budget Office,
6 the Congressional Research Service, and the General Ac-
7 counting Office. The Panel shall meet periodically to design,
8 implement, and monitor a series of implementation and eval-
9 uation studies to assess the methods and effects of the pro-
10 grams initiated under this Act. Insofar as possible, the Panel
11 shall work in a collegial fashion; but if consensus cannot be
12 reached among Panel members on particular decisions the
13 Secretary of Health and Human Services is authorized to
14 make all final decisions about program design, use of contrac-
15 tors, conduct of particular studies, and any other matters
16 which may come before the Panel.

17 (c) ADVISORY BOARD.—Within 6 months after the en-
18 actment of this Act, the Interagency Panel shall select and
19 appoint an advisory board of not more than 12 members. The
20 advisory board shall include representatives of business,
21 labor, academia, children's groups, State government, local
22 government, welfare rights organizations, religious organiza-
23 tions, and community self-help organizations. The advisory
24 board shall meet at least twice during the first year following
25 its formation and at least once a year thereafter. It shall be

1 the function of the advisory board to provide the Interagency
2 Panel with advice and counsel on all aspects of its operation.

3 (d) OPERATION OF INTERAGENCY PANEL.—(1) The
4 Interagency Panel shall identify the significant questions to
5 be pursued in its studies, and shall also adopt an overall
6 design that maximizes the knowledge gained from contrasts
7 and comparisons between the individual studies. The Panel
8 shall make special efforts to coordinate with the States and to
9 use control groups and other methods of scientific evaluation
10 whenever possible.

11 (2) The Panel may request the Secretary of Health and
12 Human Services to supply any information, in the possession
13 of or available to the Secretary, which may be of assistance
14 in carrying out the Panel's functions under this section, and
15 may request the Secretary to obtain any such information
16 from States by requiring its inclusion in any of the State
17 reports provided for under this Act or otherwise provided for
18 by law. To the maximum extent possible, the Secretary shall
19 comply with any request received from the Panel under this
20 subsection.

21 (e) REPORTS.—The Interagency Panel shall report to
22 the Congress and the President at such times as it sees fit to
23 do so, but at least once each year, during the 5-year period
24 beginning on the date of the enactment of this Act. The first
25 such report shall cover the implementation of the programs

1 under this Act during the period prior to the submission of
2 that report; and the subsequent reports shall include an over-
3 view of each study the Panel it has conducted or authorized,
4 an overall assessment of the State programs initiated under
5 this Act, and a set of specific recommendations to the Con-
6 gress and the President on needed changes in legislation, reg-
7 ulations, and program administration at the State and Fed-
8 eral levels. The final report shall cover the first four years of
9 program implementation and shall be published no later than
10 five years after the enactment of this Act.

11 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
12 authorized to be appropriated the total sum of \$20,000,000
13 to enable the Panel to perform its functions during the first
14 five years of its existence.

15 **SEC. 805. DEMONSTRATION PROGRAM OF GRANTS TO PRO-**
16 **VIDE PERMANENT HOUSING FOR FAMILIES**
17 **THAT WOULD OTHERWISE REQUIRE EMER-**
18 **GENCY ASSISTANCE.**

19 (a) ESTABLISHMENT OF PROGRAM.—Section 1115 of
20 the Social Security Act (as amended by the preceding provi-
21 sions of this Act) is further amended by adding at the end
22 thereof the following new subsection:

23 “(c)(1) In order to ensure that States which incur par-
24 ticularly high costs in providing emergency assistance for
25 temporary housing to homeless FSP families may have an

1 adequate opportunity to test whether such costs could be ef-
2 fectively reduced by the construction or rehabilitation (with
3 the assistance of Federal grants) of permanent housing that
4 such families can afford with their regular family support sup-
5 plements, there is hereby established a demonstration pro-
6 gram under which the Secretary shall make grants to those
7 States, selected in accordance with paragraph (2), which con-
8 duct demonstration projects in accordance with this sub-
9 section.

10 “(2)(A) Any State which desires to participate in the
11 demonstration program established by paragraph (1) may
12 submit an application therefor to the Secretary.

13 “(B) To be eligible for selection to conduct a demonstra-
14 tion project under such program, a State—

15 “(i) must be currently providing emergency assist-
16 ance (as defined in paragraph (6)(A)) in the form of
17 housing, including transitional housing;

18 “(ii) must have a particularly acute need for as-
19 sistance in dealing with the problems of homeless FSP
20 families by virtue of the large number of such families,
21 and the existence of shortages in the supply of low-
22 income housing, in the political subdivision or subdivi-
23 sions where such project would be conducted; and

1 “(iii) must submit a plan to achieve significant
2 cost savings over a 10-year period through the conduct
3 of such project with assistance under this subsection.

4 “(C) The Secretary shall select up to 3 States, from
5 among those which submit applications under subparagraph
6 (A) and are determined to be eligible under subparagraph (B),
7 to conduct demonstration projects in accordance with this
8 subsection. In the event that more than 3 States are deter-
9 mined to be eligible, the 3 States selected shall be those
10 whose cost savings (as described in clause (iii) of subpara-
11 graph (B)) will be the greatest.

12 “(D) Grants for each demonstration project under this
13 subsection shall be awarded within 6 months after the date of
14 the appropriation of funds (pursuant to paragraph (8)) for the
15 purposes prescribed in this subsection.

16 “(3) For each year during which a State is conducting a
17 demonstration project under this subsection, the Secretary
18 shall make a grant to such State, in an amount determined
19 under paragraph (8)(B)), for the construction or rehabilitation
20 of permanent housing to serve individuals and families who
21 would otherwise require emergency assistance in the form of
22 temporary housing.

23 “(4) A grant may be made to a State under paragraph
24 (2) only if such State (along with or as a part of its applica-

1 tion) furnishes the Secretary with satisfactory assurances
2 that—

3 “(A) the proceeds of the grant will be used exclu-
4 sively for the construction or rehabilitation of perma-
5 nent housing to be owned by the State, a political sub-
6 division of the State, an agency or instrumentality of
7 the State or of a political subdivision of the State, or a
8 nonprofit organization;

9 “(B) all units assisted with funds from the pro-
10 ceeds of the grant will be used exclusively for rental to
11 families which—

12 “(i) are eligible, at the time of the rental, for
13 aid under the State’s plan approved under section
14 402 (and a family with one or more members who
15 meet this requirement shall not be deemed ineligi-
16 ble because one or more other members receive
17 benefits under title XVI),

18 “(ii) have been unable to obtain decent hous-
19 ing at rents that can be paid with the portion of
20 such aid allocated for shelter, and

21 “(iii) if such housing were not available to
22 them, would be compelled to live in a shelter for
23 the homeless or in a hotel or motel, or other tem-
24 porary accommodations, paid for with emergency
25 assistance, or would be homeless;

1 “(C) the local jurisdiction in which such housing
2 will be located is experiencing a critical shortage of
3 housing units that are available to families eligible for
4 aid under the State plan at rents that can be paid with
5 the portion of such aid allocated for shelter; and

6 “(D) whenever units assisted with grants under
7 the project become available for occupancy, the State
8 will discontinue the use of an equivalent number of
9 units of the most costly accommodations it has been
10 using as temporary housing paid for with emergency
11 assistance, except to the extent that such accommoda-
12 tions are demonstrably needed—

13 “(i) in addition to the units so assisted, to
14 take account of increases in the caseload under
15 the emergency assistance program, or

16 “(ii) because, due to the condition or location
17 of such accommodations, or other factors, discon-
18 tinuing the use of such units would not be in the
19 best interests of needy families, provided that the
20 State discontinues the use of an equivalent
21 number of other units it has been using as tempo-
22 rary housing paid for with emergency assistance;
23 and only if the State, along with or as a part of its applica-
24 tion, includes such documentary and other materials as may
25 be necessary to establish its eligibility under paragraph (2)(B)

1 and such provisions as may be necessary to carry out the
2 requirements of subparagraph (D) of this paragraph.

3 “(5)(A) The average cost to the Federal Government
4 per unit of housing constructed or rehabilitated with a grant
5 under a project under this subsection shall be an amount no
6 greater than the calculated yearly payment of emergency as-
7 sistance that would be required to provide housing for a
8 family in a shelter for the homeless, a hotel or motel, or other
9 temporary quarters for one year, in the jurisdiction or juris-
10 dictions where the project is located.

11 “(B) The total of Federal payments to a State under
12 part A of title IV over the 10-year period beginning at the
13 time construction or rehabilitation commences under the
14 State’s project under this subsection, with respect to the fam-
15 ilies who will live in housing assisted by a grant under such
16 project (the ‘total grant cost’ as more particularly defined in
17 paragraph (6)(C)), must be lower as a result of the construc-
18 tion or rehabilitation of permanent housing with the grant
19 than it would be if the State made emergency assistance pay-
20 ments with respect to the families involved at the level of the
21 standard yearly payment (as defined in paragraph (6)(B))
22 during such 10-year period.

23 “(C) Any grant to a State under paragraph (1) shall be
24 made only on condition (i) that such State pay a percentage
25 of the total cost of the construction or rehabilitation of the

1 housing involved equal at least to the percentage of the cur-
2 rent non-Federal share of family support supplements under
3 the State's plan approved under section 402 (as determined
4 under section 403(a) or 1118), increased by 10 percentage
5 points, and (ii) that such State not require any of its political
6 subdivisions to pay a higher percentage of the total costs of
7 the construction or rehabilitation of such housing than it
8 would pay with respect to family support supplements pursu-
9 ant to such State plan.

10 “(6) For purposes of this subsection—

11 “(A) the term ‘emergency assistance’ means
12 emergency assistance to needy families with children
13 as described in section 403(e), and regular payments
14 for the costs of temporary housing authorized as a spe-
15 cial needs item under the State plan;

16 “(B) the term ‘standard yearly payment’, with re-
17 spect to emergency assistance used to provide housing
18 for a family in a shelter for the homeless, a hotel or
19 motel, or other temporary quarters during any year in
20 any jurisdiction, means an amount equal to the total
21 amount of such assistance which was needed to provide
22 all housing in temporary accommodations in that juris-
23 diction (with emergency assistance), in the most recent-
24 ly completed calendar year, at the 75th percentile in
25 the range of all payments of emergency assistance for

1 temporary accommodations, based on the State's actual
2 experience with emergency assistance in such jurisdic-
3 tion; and

4 “(C) the term ‘total grant cost’, with respect to
5 housing constructed or rehabilitated under a demon-
6 stration project under this subsection, means the sum
7 of (i) the Federal share of payments attributable to
8 such housing during the 10-year period beginning on
9 the date on which its construction or rehabilitation
10 begins (including the grant provided under this subsec-
11 tion), (ii) the Federal share of payments of emergency
12 assistance for temporary housing to the families in-
13 volved during such construction or rehabilitation (at a
14 level equal to the standard yearly payment), and (iii)
15 the Federal share of regular payments of family sup-
16 port supplements under the State plan to such families
17 during the remainder of such 10-year period.

18 “(7) Whenever a grant is made to a State under this
19 subsection, the assurances required of the State under sub-
20 paragraphs (A) through (D) of paragraph (4) and any other
21 requirements imposed by the Secretary as a condition of such
22 grant shall be considered, for purposes of section 404, as re-
23 quirements imposed by or in the administration of the State's
24 plan approved under section 402.

1 “(8)(A) There is authorized to be appropriated for grants
2 under this subsection the sum of \$15,000,000 for each of the
3 first 5 fiscal years beginning on or after October 1, 1987.

4 “(B)(i) The amount appropriated for any fiscal year pur-
5 suant to subparagraph (A) shall be divided among the States
6 conducting demonstration projects under this subsection ac-
7 cording to their respective need for assistance of the type
8 involved and their respective numbers of homeless FSP fami-
9 lies, as determined by the Secretary.

10 “(ii) If any State to which a grant is made under this
11 subparagraph finds that it does not require the full amount of
12 such grant to conduct its demonstration project under this
13 subsection in the fiscal year involved, the unused portion of
14 such grant shall be reallocated to the other States conducting
15 such projects in amounts based on their respective need for
16 assistance of the type involved, as determined by the
17 Secretary.

18 “(iii) Amounts appropriated pursuant to subparagraph
19 (A), and grants made from such amounts, shall remain avail-
20 able until expended.

21 “(9) The Secretary shall prescribe and publish regula-
22 tions to implement the provisions of this subsection no later
23 than 6 months after the date of its enactment.”.

24 (b) **EFFECTIVE DATE.**—The amendment made by sub-
25 section (a) shall become effective October 1, 1987.

1 SEC. 806. CHILD SUPPORT DEMONSTRATION PROJECT IN NEW
2 YORK STATE.

3 (a) IN GENERAL.—Upon application by the State of
4 New York and approval by the Secretary of Health and
5 Human Services, the State of New York (in this section re-
6 ferred to as the “State”) may conduct a demonstration
7 project in accordance with this section for the purpose of test-
8 ing its Child Support Supplement Program as an alternative
9 to the existing AFDC program and the Family Support
10 Program.

11 (b) NATURE OF PROJECT.—Under the demonstration
12 project conducted under this section—

13 (1) all custodial parents of dependent children who
14 are eligible for family support supplements under the
15 State plan approved under section 402(a) of the Social
16 Security Act, and/or such types or classes of such par-
17 ents as the State may specify, may elect to receive
18 benefits under the Child Support Supplement Program
19 in lieu of family support supplements under such plan;
20 and

21 (2) the Federal Government will pay to the State
22 with respect to families receiving benefits under the
23 Child Support Supplement Program the same amounts
24 as would have been payable with respect to such fami-
25 lies under section 403 (or 1118) of the Social Security
26 Act if they were receiving family support supplements

1 under the State plan, calculating the Federal payments
2 without regard to any increased earnings by such fami-
3 lies which may arise from their participation in the
4 Program.

5 (c) **WAIVERS.**—The Secretary shall (with respect to the
6 project under this section) waive compliance with any re-
7 quirements contained in title IV of the Social Security Act
8 which (if applied) would prevent the State from carrying out
9 the project or effectively achieving its purpose.

10 (d) **REQUIRED ASSURANCES.**—As a condition of ap-
11 proval of the project under this section, the State must pro-
12 vide assurances satisfactory to the Secretary that it will con-
13 tinue to make assistance available to all eligible children in
14 the State who are in need of financial support, and will con-
15 tinue to operate an effective child support enforcement
16 program.

17 (e) **EFFECTIVE DATE AND DURATION OF PROJECT.**—
18 The Secretary shall approve or disapprove the application of
19 the State within 90 days after the date of its submission; and
20 if the application as initially submitted is disapproved the
21 Secretary and the State shall negotiate the revisions neces-
22 sary for its approval. The project under this section shall
23 commence no later than the first day of the third calendar
24 quarter beginning on or after the date of its approval and
25 shall continue for five years.

1 SEC. 807. DEMONSTRATION OF FAMILY INDEPENDENCE PRO-
2 GRAM IN WASHINGTON STATE.

3 (a) IN GENERAL.—Upon application by the State of
4 Washington and approval by the Secretary of Health and
5 Human Services, the State of Washington (in this section
6 referred to as the “State”) may conduct a demonstration
7 project in accordance with this section for the purpose of test-
8 ing whether the operation of its Family Independence Pro-
9 gram enacted in May 1987 (in this section referred to as the
10 “Program”), as an alternative to the existing AFDC pro-
11 gram and the FSP program, would more effectively break the
12 cycle of poverty and provide families with opportunities for
13 economic independence and strengthened family functioning.

14 (b) NATURE OF PROJECT.—Under the demonstration
15 project conducted under this section—

16 (1) every individual eligible for family support
17 supplements under the State plan approved under sec-
18 tion 402(a) of the Social Security Act shall be eligible
19 to enroll in the Program, which shall operate simulta-
20 neously with the family support program so long as
21 there are individuals who qualify for the latter;

22 (2) cash assistance shall be furnished in a timely
23 manner to all eligible individuals under the Program
24 (and the State may not make expenditures for services
25 under the Program until it has paid all necessary cash
26 assistance), with no family receiving less in cash bene-

1 fits than it would have received under the family sup-
2 port program;

3 (3) individuals may be required to register, under-
4 go assessment, and participate in work, education, or
5 training under the Program, except that—

6 (A) work or training may not be required in
7 the case of—

8 (i) a single parent of a child under 6
9 months of age, or more than one parent of
10 such a child in a two-parent family,

11 (ii) a single parent with a child of any
12 age who has received assistance for less than
13 6 months,

14 (iii) a single parent with a child under 3
15 years of age who has received assistance for
16 less than 3 years,

17 (iv) an individual under 16 years of age
18 or over 64 years of age,

19 (v) an individual who is incapacitated,
20 temporarily ill, or needed at home to care for
21 an impaired person,

22 (vi) a woman who is in the third trimes-
23 ter of pregnancy, or

24 (vii) an individual who has not yet been
25 individually notified in writing of such re-

1 quirement or of the expiration of his or her
2 exempt status under this subparagraph;

3 (B) participation in work or training shall in
4 any case be voluntary during the first two years
5 of the Program, and may thereafter be made man-
6 datory only in counties where more than 50 per-
7 cent of the enrollees can be placed in employment
8 within 3 months after they are job-ready;

9 (C) in no case shall the work and training
10 aspect of the Program be mandated in any county
11 where the unemployment level is at least twice
12 the State average; and

13 (D) mandated work shall not include work in
14 any position created by a reduction in the work
15 force, a bona fide labor dispute, the decertification
16 of a bargaining unit, or a new job classification
17 which subverts the intention of the Program;

18 (4) there shall be no change in existing State law
19 which would eliminate guaranteed benefits or reduce
20 the rights of applicants or enrollees; and

21 (5) the Program shall include due process guaran-
22 tees and procedures no less than those which are avail-
23 able to participants in the AFDC or FSP program
24 under Federal law and regulation and under State law.

1 (c) WAIVERS.—The Secretary shall (with respect to the
2 project under this section) waive compliance with any re-
3 quirements contained in title IV of the Social Security Act
4 which (if applied) would prevent the State from carrying out
5 the project or effectively achieving its purpose.

6 (d) FUNDING.—(1) The Secretary shall reimburse the
7 State for its expenditures under the Program—

8 (A) at a rate equal to the Federal matching rate
9 applicable to the State under section 403(a)(1) (or
10 1118) of the Social Security Act, for cash assistance
11 and child care provided to enrollees;

12 (B) at a rate equal to the applicable Federal
13 matching rate under section 403(a)(3) of such Act, for
14 administrative expenses; and

15 (C) at the rate of 75 percent for an evaluation
16 plan approved by the Secretary.

17 The State shall be required to pay the same portion of all
18 expenditures made for cash assistance and services under the
19 Program as it would be required to pay if such expenditures
20 were made under its State plan approved under section
21 402(a) of the Social Security Act.

22 (2) As a condition of approval of the project under this
23 section, the State must provide assurances satisfactory to the
24 Secretary that the total amount of Federal reimbursement
25 over the period of the project will not exceed the anticipated

1 Federal reimbursements (over that period) under the current
2 family support program; but this paragraph shall not prevent
3 the State from claiming reimbursement for additional persons
4 who would qualify for aid under the family support program,
5 for costs attributable to increases in the State's payment
6 standard, or for any other federally-matched benefits or serv-
7 ices.

8 (e) DURATION OF PROJECT.—(1) The project under
9 this section shall begin on the date on which the first individ-
10 ual is enrolled in the Program, and (subject to paragraph (2))
11 shall end 5 years after that date.

12 (2) The project may be terminated at any time, on 6
13 months written notice, by the State or (upon a finding that
14 the State has materially failed to comply with this section) by
15 the Secretary.

16 **SEC. 808. STUDY OF HOUSING PROBLEMS OF FSP FAMILIES.**

17 (a) INTERAGENCY WORKING GROUP.—The Secretary
18 of Health and Human Services and the Secretary of Housing
19 and Urban Development, acting jointly, shall establish, ap-
20 point, and convene an Interagency Working Group to study
21 and report on the housing problems of families under the
22 family support program.

23 (b) PURPOSE OF STUDY.—It shall be the purpose of the
24 study conducted by the Interagency Working Group to iden-
25 tify and examine the programs being implemented by the De-

1 partment of Health and Human Services and the Department
2 of Housing and Urban Development which could be better
3 coordinated so as to—

4 (1) stem the transiency of the welfare population;

5 (2) upgrade the public and private housing stock
6 occupied by recipients of family support supplements;

7 (3) require private housing stock for which rentals
8 are paid from family support supplements to meet mini-
9 mum HUD standards; and

10 (4) facilitate coordination between the two De-
11 partments as well as local welfare agencies and local
12 housing authorities to facilitate the achievement of
13 these objectives.

14 (c) REPORT.—(1) Within 6 months after the date of the
15 enactment of this Act the Interagency Working Group shall
16 submit to the Congress a full and complete report on its study
17 under this section. Such report shall include the information
18 and data required by paragraph (2) and such other informa-
19 tion, and such recommendations for legislative, administra-
20 tive, and other action, as the Interagency Working Group
21 considers appropriate.

22 (2) The report submitted under paragraph (1) shall in
23 any event include—

24 (A) the total dollar amount of family support sup-
25 plements spent on housing, by service area;

(B) the demographic characteristics of transient recipients of family support supplements;

(C) an estimate of the number of transient welfare families and the frequency of their transiency;

(D) an estimate of the number of evictions for nonpayment of rent, by service area;

(E) an examination, by service area, of those properties which are occupied by recipients of family support supplements and which do not meet minimum HUD standards;

(F) examples of models and innovative programs which have successfully forged local housing and welfare cooperation to upgrade housing stock and stem welfare population transiency; and

(G) recommendations on ways in which local housing and welfare agencies can economically provide tenant unit management training.

**SEC. 809. REQUIREMENT OF CONTINUED TREATMENT FOR
DRUG ADDICTION OR ALCOHOLISM AS CONDI-
TION OF ELIGIBILITY.**

Section 402 of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new subsection:

“(j)(1) If—

1 “(A) any individual who is a recipient of family
2 support supplements under the State plan has been
3 medically determined to be a drug addict or an al-
4 coholic and is enrolled in a program for the treatment
5 of his or her drug addiction or alcoholism, and

6 “(B) the institution, facility, or other entity re-
7 sponsible for providing such treatment notifies the
8 State agency that such individual (prior to the satisfac-
9 tory completion of the treatment) has terminated his or
10 her enrollment or otherwise ceased to participate in
11 such program or to comply with its terms, conditions,
12 and requirements,

13 then (notwithstanding any other provision of this title) the
14 needs of such individual shall not be taken into account in
15 making the determination with respect to his or her family
16 under subsection (a)(7) until such individual is again enrolled
17 in such a program or a medical determination is made (and
18 notification thereof communicated to the State agency) that
19 he or she is no longer a drug addict or alcoholic.

20 “(2) Each State agency shall establish such procedures
21 and take such other actions as may be necessary or appropri-
22 ate to encourage and facilitate the making (by the institu-
23 tions, facilities, and other entities involved) of the notifica-
24 tions described in paragraph (1).”.

1 SEC. 810. INCLUSION OF AMERICAN SAMOA IN FSP PROGRAM.

2 (a) INCLUSION IN PROGRAM.—Section 1101(a)(1) of the
3 Social Security Act is amended by inserting after the first
4 sentence the following new sentence: “Such term when used
5 in part A of title IV also includes American Samoa.”.

6 (b) LIMITATION ON PAYMENTS.—Section 1108(a) of
7 such Act is amended—

8 (1) by striking out the period at the end of para-
9 graph (3)(F) and inserting in lieu thereof “; and”; and

10 (2) by inserting immediately after paragraph (3)
11 the following new paragraph:

12 “(4) for payment to American Samoa shall not
13 exceed \$1,000,000 with respect to any fiscal year.”.

14 (c) EFFECTIVE DATE.—The amendments made by this
15 section shall become effective on October 1, 1987.

16 SEC. 811. INCREASE IN LIMITATION ON PAYMENTS TO
17 PUERTO RICO, THE VIRGIN ISLANDS, AND
18 GUAM.

19 (a) IN GENERAL.—(1) Section 1108(a)(1) of the Social
20 Security Act is amended—

21 (A) by striking out “or” after the comma at the
22 end of subparagraph (E); and

23 (B) by striking out subparagraph (F) and inserting
24 in lieu thereof the following new subparagraphs:

25 “(F) \$72,000,000 with respect to each of the
26 fiscal years 1979 through 1987, or

1 “(G) \$81,270,000 with respect to the fiscal
2 year 1988 and each fiscal year thereafter;”.

3 (2) Section 1108(a)(2) of such Act is amended—

4 (A) by striking out “or” after the comma at the
5 end of subparagraph (E); and

6 (B) by striking out subparagraph (F) and inserting
7 in lieu thereof the following new subparagraphs:

8 “(F) \$2,400,000 with respect to each of the
9 fiscal years 1979 through 1987, or

10 “(G) \$2,709,000 with respect to the fiscal
11 year 1988 and each fiscal year thereafter;”.

12 (3) Section 1108(a)(3) of such Act (as amended by sec-
13 tion 810 of this Act) is further amended—

14 (A) by striking out “or” after the comma at the
15 end of subparagraph (E); and

16 (B) by striking out subparagraph (F) and inserting
17 in lieu thereof the following new subparagraphs:

18 “(F) \$3,300,000 with respect to each of the
19 fiscal years 1979 through 1987, or

20 “(G) \$3,725,000 with respect to the fiscal
21 year 1988 and each fiscal year thereafter;”.

22 (b) EFFECTIVE DATE.—The amendments made by this
23 section shall apply with respect to fiscal years beginning on
24 or after October 1, 1987.

1 SEC. 812. TECHNICAL AND CONFORMING AMENDMENTS RE-
2 LATING TO REPLACEMENT OF AFDC PROGRAM
3 BY FAMILY SUPPORT PROGRAM.

4 (a) AMENDMENTS TO PART A OF TITLE IV.—(1) The
5 heading of part A of title IV of the Social Security Act is
6 amended by striking out “AID TO FAMILIES WITH DEPEND-
7 ENT CHILDREN” and inserting in lieu thereof “FAMILY SUP-
8 PORT PROGRAM”.

9 (2) Section 406(b) of such Act is amended by striking
10 out “aid to families with dependent children” where it first
11 appears and inserting in lieu thereof “family support supple-
12 ments”.

13 (3) The following provisions of part A of title IV of such
14 Act are each amended by striking out “aid to families with
15 dependent children” wherever it appears and inserting in lieu
16 thereof “aid in the form of family support supplements”:
17 Paragraphs (4), (7), (10), (11), (14), (17), and (21) of section
18 402(a); subsections (a), (b), and (f) of section 403; section
19 405; subsections (b) (the second place it appears), (f), (g), and
20 (h) of section 406; and subsections (b) and (c) of section 407.

21 (b) AMENDMENTS TO OTHER PROVISIONS OF THE
22 SOCIAL SECURITY ACT.—(1) The following provisions of the
23 Social Security Act are amended by striking out “aid to fami-
24 lies with dependent children” wherever it appears and insert-
25 ing in lieu thereof “aid in the form of family support supple-

1 ments”: Section 452(a)(10); section 454(4); section 457(d)(3);
2 section 472(h); and section 473(b).

3 (2) Section 454(16) of such Act is amended by striking
4 out “aid to families with dependent children program” and
5 inserting in lieu thereof “Family Support Program”.

6 (3) Subsections (b) and (c) of section 458 of such Act are
7 each amended by striking out “AFDC” and “non-AFDC”
8 wherever those terms appear and inserting in lieu thereof
9 “FSP” and “non-FSP”, respectively.

10 (c) OTHER REFERENCES IN GENERAL.—Any reference
11 to aid to families with dependent children in any provision of
12 law or regulation other than those provisions of law specified
13 in the preceding subsections of this section shall be deemed to
14 be a reference to family support supplements, or to aid in the
15 form of family support supplements, consistent with the
16 amendments made by the preceding provisions of this Act.

17 **SEC. 813. GENERAL EFFECTIVE DATE.**

18 Notwithstanding any other provision of this Act, none of
19 the provisions of this Act shall become effective before No-
20 vember 20, 1987.

1 TITLE IX—FUNDING PROVISIONS

2 SEC. 901. 3-YEAR EXTENSION OF PROVISIONS RELATING TO
3 COLLECTION OF NON-TAX DEBTS OWED TO
4 FEDERAL AGENCIES.

5 (a) GENERAL RULE.—Subsection (c) of section 2653 of
6 the Deficit Reduction Act of 1984 is amended by striking out
7 “January 1, 1988” and inserting in lieu thereof “January 1,
8 1991”.

9 (b) CLARIFICATION OF CONGRESSIONAL INTENT AS
10 TO SCOPE OF PROVISION.—

11 (1) Nothing in the amendments made by section
12 2653 of the Deficit Reduction Act of 1984 shall be
13 construed as exempting debts of corporations or any
14 other category of persons from the application of such
15 amendments.

16 (2) It is the intent of the Congress that, to the
17 extent practicable, the amendments made by section
18 2653 of the Deficit Reduction Act of 1984 shall extend
19 to all Federal agencies (as defined in the amendments
20 made by such section).

21 (3) The Secretary of the Treasury shall issue reg-
22 ulations to carry out the purposes of this subsection.

23 (c) STUDY BY THE GENERAL ACCOUNTING OFFICE.—
24 The Comptroller General of the United States shall conduct
25 a study of the operation and effectiveness of the amendments

1 made by section 2653 of the Deficit Reduction Act of 1984.
2 The study shall compile and evaluate information on the
3 effect of those amendments on voluntary compliance with the
4 income tax laws. Not later than April 1, 1989, the Comptrol-
5 ler General shall submit to the Committee on Ways and
6 Means of the House of Representatives and the Committee
7 on Finance of the Senate a report of the study conducted
8 under this subsection, together with such recommendations
9 as he may deem advisable.

10 **SEC. 902. EXPENSES OF OVERNIGHT CAMPS NOT ALLOWABLE**
11 **FOR DEPENDENT CARE CREDIT.**

12 (a) **GENERAL RULE.**—Subparagraph (A) of section
13 21(b)(2) of the Internal Revenue Code of 1986 (defining em-
14 ployment-related expenses) is amended by adding at the end
15 thereof the following new sentence:

16 “Such term shall not include any amount paid for
17 services outside the taxpayer’s household at a
18 camp where the qualifying individual stays over-
19 night.”

20 (b) **EFFECTIVE DATE.**—The amendment made by sub-
21 section (a) shall apply to expenses paid in taxable years be-
22 ginning after December 31, 1987.

1 SEC. 903. PHASEOUT OF DEPENDENT CARE CREDIT WHERE
2 TAXPAYER'S ADJUSTED GROSS INCOME EX-
3 CEEDS \$65,000.

4 (a) IN GENERAL.—Paragraph (2) of section 21(a) of the
5 Internal Revenue Code of 1986 (relating to expenses for
6 household and dependent care services necessary for gainful
7 employment) is amended to read as follows:

8 “(2) APPLICABLE PERCENTAGE DEFINED.—The
9 term ‘applicable percentage’ means 30 percent reduced
10 (but not below zero) by the sum of—

11 “(A) 1 percentage point for each \$2,000 (or
12 fraction thereof) by which the taxpayer’s adjusted
13 gross income for the taxable year exceeds
14 \$10,000 but does not exceed \$30,000, and

15 “(B) 1 percentage point for each \$1,500 (or
16 fraction thereof) by which the taxpayer’s adjusted
17 gross income for the taxable year exceeds
18 \$65,000.”

19 (b) EFFECTIVE DATE.—The amendment made by this
20 section shall apply to taxable years beginning after
21 December 31, 1987.

22 SEC. 904. DISALLOWANCE OF DEDUCTIONS FOR EXPENDI-
23 TURES IN CONNECTION WITH CRIMINAL
24 ACTIVITIES.

25 (a) GENERAL RULE.—Section 280E of the Internal
26 Revenue Code of 1986 (relating to expenditures in connec-

tion with the illegal sale of drugs) is amended to read as follows:

“SEC. 280E. EXPENDITURES IN CONNECTION WITH THE ILLEGAL SALE OF DRUGS OR OTHER CRIMINAL ACTIVITIES.

“No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business)—

“(1) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted, or

“(2) consists of other activities prohibited by any Federal criminal law or the criminal law of the State in which such activities are conducted.”

(b) CLERICAL AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 280E and inserting in lieu thereof:

“Sec. 280E. Expenditures in connection with the illegal sale of drugs or other criminal activities.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 1987, in taxable years ending after such date.

1 **TITLE X—FOOD STAMP PROGRAM**

2 **SEC. 1001. SHORT TITLE.**

3 This title may be cited as the “Food Stamp Family
4 Welfare Reform Act of 1987”.

5 **SEC. 1002. CATEGORICAL ELIGIBILITY.**

6 The second sentence of section 5(a) of the Food Stamp
7 Act of 1977 (7 U.S.C. 2014(a)) is amended—

8 (1) by striking out “during the period”, and

9 (2) by striking out “and ending on September 30,
10 1989,”.

11 **SEC. 1003. EXCLUSION FOR CERTAIN EDUCATIONAL**
12 **EXPENSES.**

13 Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C.
14 2014(d)) is amended—

15 (1) in clause (3)—

16 (A) by inserting “(A)” after “the like”, and

17 (B) by striking out “at an institution” and all
18 that follows through “handicapped, and”, and in-
19 serting in lieu thereof the following: “(including
20 the rental or purchase of any equipment, materi-
21 als, and supplies required to be obtained by all
22 other students in the same course of study) at a
23 recognized post-secondary school, institution of
24 higher education, or school for the handicapped,
25 or in a training program that prepares individuals

1 for employment or a program that provides for
2 completion of a secondary education or obtaining
3 the equivalent of a secondary school diploma, (B)
4 to the extent they do not exceed an allowance de-
5 termined by such school, institution, or program
6 for books, supplies, transportation, and miscellane-
7 ous personal expenses (other than living expenses)
8 of the student incidental to attending such school,
9 institution, or program, and (C)", and
10 (2) in the proviso to clause (5)—

11 (A) by inserting "and" after "child care
12 expenses,"

13 (B) by striking out "non-Federal", and

14 (C) by striking out " , and no portion of any
15 Federal" and all that follows through "mandatory
16 school fees,".

17 **SEC. 1004. EXCLUSION OF CHILD SUPPORT PAYMENTS**
18 **RECEIVED.**

19 Section 5 of the Food Stamp Act of 1977 (7 U.S.C.
20 2014) is amended—

21 (1) by amending subsection (d)(13) to read as fol-
22 lows: "(13) child support payments that are disregard-
23 ed under part A of title IV of the Social Security Act
24 for recipients of benefits under such part", and

25 (2) by striking out subsection (m).

1 **SEC. 1005. EXCLUSION FOR TWO-PARTY PAYMENTS MADE FOR**
2 **AGRICULTURAL COMMODITIES.**

3 Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C.
4 2014(d)), as amended by section 1004, is amended—

5 (1) by striking out “and (13)” and inserting in lieu
6 thereof “(13)”, and

7 (2) by inserting before the period at the end the
8 following: “, (14) payments for agricultural commod-
9 ities (including products of such commodities) produced
10 by a household member engaged in farming if such
11 payments are made payable jointly to any member of
12 the household and a person (including a governmental
13 entity) that holds a security or similar interest in such
14 commodities, except to the extent that such payments
15 are actually available to the household”.

16 **SEC. 1006. EXCLUSION FOR ADVANCE PAYMENT OF EARNED**
17 **INCOME CREDIT.**

18 Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C.
19 2014(d)), as amended by sections 1004 and 1005, is amended
20 by inserting before the period at the end the following: “, (15)
21 any payment made to the household under section 3507 of
22 the Internal Revenue Code of 1986 (relating to advance pay-
23 ment of earned income credit)”.

24 **SEC. 1007. DEDUCTION FOR DEPENDENT CARE.**

25 (a) **CONFORMING AMENDMENT.**—Section 5(d) of the
26 Food Stamp Act of 1977 (7 U.S.C. 2014(d)), as amended by

1 sections 1004, 1005, and 1006, is amended by inserting
2 before the period at the end the following: “, and (16) any
3 payment made to the household under section 6(d)(4)(H) for
4 dependent care”.

5 (b) DEDUCTION.—Section 5(e) of the Food Stamp Act
6 of 1977 (7 U.S.C. 2014(e)) is amended—

7 (1) in the matter preceding clause (1) of the fourth
8 sentence by inserting “and expenses that are paid
9 under section 6(d)(4)(H) for dependent care” after
10 “third party”,

11 (2) in clause (1) of the fourth sentence—

12 (A) by striking out “\$160 a month” and in-
13 serting in lieu thereof the following: “the sum of
14 \$200 a month for each dependent who is less
15 than 2 years of age and \$175 a month for each
16 other dependent without regard to age”, and

17 (B) by striking out “, regardless of the de-
18 pendent’s age,”, and

19 (3) in clause (B) of the last sentence by striking
20 out “, regardless of the dependent’s age,”.

21 **SEC. 1008. ANNUALIZING SELF-EMPLOYMENT INCOME AND**
22 **EXPENSES FROM FARMING.**

23 Section 5(f)(1)(A) of the Food Stamp Act of 1977 (7
24 U.S.C. 2014(f)(1)(A)) is amended—

(1) in the second sentence by striking out “preceding” and inserting in lieu thereof “first”, and

(2) by inserting after the first sentence the following: “Notwithstanding the preceding sentence, household income from the self-employment of a member who is self-employed in farming, who has income from farming, and who has irregular expenses to produce that income may, at the option of the household, be calculated by averaging such income and expenses over a twelve-month period.”.

**SEC. 1009. RELIANCE ON PAST SELF-EMPLOYMENT INCOME
FROM FARMING.**

Section 5(f)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)(A)) is amended by adding at the end thereof the following: “Notwithstanding any other provision of this subparagraph, past income from the self-employment of a household member who is self-employed in farming may not be used as an indicator of anticipated income if changes in such past income have occurred or if changes in income from such self-employment can be anticipated to occur during the certification period.”.

**SEC. 1010. EXCLUSION OF CERTAIN PROPERTY FROM RE-
SOURCES.**

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following: “In

1 the case of property (including land, equipment, and supplies)
2 that is essential to the self-employment of a household
3 member in farming, the Secretary shall exclude from finan-
4 cial resources such property until the expiration of the 1-year
5 period beginning on the date such member ceases to be self-
6 employed in farming.”.

7 **SEC. 1011. ELIGIBILITY OF STUDENTS.**

8 Section 6(e) of the Food Stamp Act of 1977 (7 U.S.C.
9 2015(e)) is amended—

10 (1) in clause (2)—

11 (A) by striking out “assigned to or placed
12 in” and inserting in lieu thereof “attending, or
13 awaiting placement after being assigned to or ac-
14 cepted by,” and

15 (B) by inserting after “the Job Training
16 Partnership Act,” the following: “an employment
17 and training program (as defined in section
18 6(d)(4)(B)), a program under section 236 of the
19 Trade Act of 1974 (19 U.S.C. 2296), or a train-
20 ing program of a State or local jurisdiction,” and
21 (2) in clause (3)—

22 (A) in subclause (C) by inserting “to enable
23 such individual to satisfy the requirements of sub-
24 clause (A)” before the semicolon,

(B) in subclause (D) by striking out “aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)” and inserting in lieu thereof: “benefits under a State plan approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under a State or local general assistance program”,

(C) by striking out “or” before “(E)”, and

(D) by striking out the period at the end and inserting the following: “; or (F) is not a member of a household that is otherwise eligible to participate in the food stamp program and that includes a parent, grandparent, or legal guardian of such individual.”.

SEC. 1012. EMPLOYMENT AND TRAINING PROGRAMS.

(a) TRANSPORTATION AND RELATED COSTS INCURRED BY PARTICIPANTS.—

(1) DEPENDENT CARE EXPENSE.—(A) Section 6(d)(4)(H) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(H)) is amended—

(i) by inserting “(i)” after “(H)”,

(ii) by striking out “reimburse” and inserting in lieu thereof “pay”,

1 (iii) by inserting “(including actual costs for
2 dependent care)” after “other actual costs”,
3 (iv) by striking out “such reimbursement”
4 and inserting in lieu thereof “such payment (I)”,
5 (v) by inserting before the period the follow-
6 ing: “for actual costs other than dependent care
7 and (II) to each household to the sum of \$200 a
8 month for the care of each dependent who is less
9 than 2 years of age and \$175 a month for the
10 care of each other dependent, without regard to
11 age”, and

12 (vi) by adding at the end the following:

13 “(ii) Payments under this subparagraph may be made to
14 such participants directly or to the providers of the services
15 for which payments are authorized by this subparagraph.
16 Payments made directly to such participants—

17 “(I) may be made in cash, or in certificates re-
18 deemable by the State agency upon presentation by
19 such providers if such certificates are readily usable by
20 such participants; and

21 “(II) shall be made in advance to the maximum
22 extent practicable.”.

23 (B) Section 16(h)(3) of the Food Stamp Act of
24 1977 (7 U.S.C. 2025(h)(3)) is amended—

(i) by inserting “(including expenses for dependent care)” after “other expenses”,

(ii) by inserting “(A)” after “exceed”,

(iii) by striking out “and such reimbursement” and inserting in lieu thereof “for such expenses, other than expenses for dependent care, and (B) an amount representing, per household, the sum of \$200 a month for the care of each dependent who is less than 2 years of age and \$175 a month for the care of each other dependent without regard to age. Such reimbursement”.

(2) PAYMENTS.—(A) Section 6(d)(4)(H)(i) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(H)(i)), as amended by paragraph (1)(A)(i), is amended by striking out “to each participant to \$25” and inserting in lieu thereof “required by this subclause to each participant to any amount that is not less than \$25 and not more than \$75”.

(B) Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)), as amended by paragraph (1)(B), is amended—

(i) by striking out “per centum” and all that follows through “connection with”, and inserting in lieu thereof “percent of the aggregate amount paid by the State agency to participants for”,

1 (ii) by striking out “such total amount” and
2 inserting in lieu thereof “such aggregate amount”,
3 and

4 (iii) by striking out “\$25” and inserting in
5 lieu thereof “the payment made under section
6 6(d)(4)(H)(i)(I)”.

7 (b) PERFORMANCE STANDARDS.—Section 6(d)(4)(J) of
8 the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(J)) is
9 amended to read as follows:

10 “(J)(i) The Secretary shall establish in accordance with
11 this subparagraph performance standards that are applicable
12 to employment and training programs carried out under this
13 paragraph.

14 “(ii) The performance standards referred to in clause (i)
15 shall be developed by the Secretary after consultation with
16 the Office of Technology Assessment, the Secretary of Labor,
17 the Secretary of Health and Human Services, appropriate
18 State officials designated for purposes of this clause by the
19 chief executive officers of the States, other appropriate ex-
20 perts, and representatives of households participating in the
21 food stamp program. Such performance standards (which
22 shall be coordinated with the corresponding performance
23 standards under the Job Training Partnership Act and the
24 performance standards under section 416(n) of the Social Se-

1 curity Act, taking into consideration the differing characteris-
2 tics of such households)—

3 “(I) shall be measured by employment outcomes
4 and shall be based on the degree of success that may
5 reasonably be expected of States (in carrying out em-
6 ployment and training programs) in helping individuals
7 to achieve self-sufficiency;

8 “(II) shall take into account the extent to which
9 persons have elected to participate in employment and
10 training programs under this paragraph, job placement
11 rates, wage rates, job retention rates, households ceas-
12 ing to need benefits under this Act, improvements in
13 household members’ educational levels, and the extent
14 to which household members are able to obtain jobs for
15 which they receive health benefits;

16 “(III) shall encourage States to serve those indi-
17 viduals who have greater barriers to employment and
18 thus have greater difficulties in achieving self-sufficien-
19 cy; and

20 “(IV) shall include guidelines permitting appropri-
21 ate variations to take account of the differing condi-
22 tions (including unemployment rates and rates of elec-
23 tive participation under subparagraph (G) in employ-
24 ment and training programs under this paragraph) that
25 may exist in different States.

1 “(iii) Proposed measures for the performance standards
2 referred to in clause (i) shall be published by the Secretary
3 not later than 1 year after the date of the enactment of the
4 Food Stamp Family Welfare Reform Act of 1987. The per-
5 formance standards shall be established, issued, and published
6 not sooner than October 1, 1989, and shall be implemented
7 not later than 180 days after the publication of such
8 measures.

9 “(iv) The performance standards developed and issued
10 under clause (ii) shall be varied in any State, to the extent
11 permitted under clause (ii)(IV), to the extent necessary to
12 take account of specific economic, geographic, and demo-
13 graphic factors in the State, the characteristics of the popula-
14 tion to be served, and the types of services to be provided.”.

15 (c) DEVELOPMENT OF MODEL PERFORMANCE STAND-
16 ARDS.—Not later than 180 days after the Secretary pub-
17 lishes the proposed measures for the performance standards
18 under subparagraph (J) of section 6(d)(4) of the Food Stamp
19 Act of 1977 (7 U.S.C. 2015(d)(4)), as amended by subsection
20 (b), the Office of Technology Assessment shall—

21 (1) develop model performance standards suitable
22 for application to employment and training programs
23 carried out under such section 6(d)(4) and that satisfy
24 the criteria specified in such subparagraph,

1 (2) compare such standards with the performance
2 standards established under such subparagraph by the
3 Secretary, and

4 (3) submit to the Speaker of the House of Repre-
5 sentatives, the President pro tempore of the Senate,
6 and the Secretary of Agriculture a report describing
7 the results of the comparison required by paragraph (2)
8 of this subsection.

9 (d) INCENTIVE PAYMENTS.—Section 16(h) of the Food
10 Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by adding
11 at the end the following:

12 “(6) The Secretary shall develop, and transmit to the
13 Committee on Agriculture of the House of Representatives
14 and the Committee on Agriculture, Nutrition, and Forestry of
15 the Senate, a proposal for modifying the rate of Federal pay-
16 ments under this subsection so as to reflect the relative effec-
17 tiveness of the various States in carrying out employment
18 and training programs under section 6(d)(4).”.

19 (e) CURRENT PERFORMANCE STANDARDS.—The per-
20 formance standards in effect under section 6(d)(4)(J) of the
21 Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(J)) shall
22 remain in effect during the period beginning on October 1,
23 1988, and ending on the date the Secretary of Agriculture
24 implements the performance standards required to be issued

1 under section 6(d)(4)(J) of the Food Stamp Act of 1977, as
2 amended by subsection (b).

3 **SEC. 1013. FARM HOUSEHOLDS.**

4 (a) **AUTHORITY TO PROVIDE INFORMATION.**—Section
5 11(e)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C.
6 2020(e)(1)(A)) is amended by inserting after “homeless indi-
7 viduals” the following: “and food stamp informational activi-
8 ties directed at households that include a member who en-
9 gages in farming”.

10 (b) **SPECIAL TRAINING OF STATE PERSONNEL.**—

11 (1) **TRAINING.**—Section 11(e)(6) of the Food
12 Stamp Act of 1977 (7 U.S.C. 2020(e)(6)) is amended—

13 (A) by striking out “and (C)” and inserting
14 in lieu thereof “(C)”, and

15 (B) by inserting before the semicolon at the
16 end the following: “, and (D) the State agency, at
17 its option, may undertake intensive training to
18 ensure that State agency personnel who under-
19 take the certification of households that include a
20 member who engages in farming are well qualified
21 to perform such certification”.

22 (2) **TRAINING MATERIALS.**—Section 16 of the
23 Food Stamp Act of 1977 (7 U.S.C. 2025) is
24 amended—

(A) by redesignating subsection (h), as added by section 121(b)(5) of the Immigration Reform and Control Act of 1986 (Public Law 99-603), as subsection (j), and

(B) by adding at the end the following:

“(k) Not later than 180 days after the date of the enactment of the Food Stamp Family Welfare Reform Act of 1987, and annually thereafter, the Secretary shall publish instructional materials specifically designed to be used by the State agency to provide intensive training to ensure that State agency personnel who undertake the certification of households that include a member who engages in farming are well qualified to perform such certification.”.

SEC. 1014. HOURS OF OPERATION.

(a) **STATE PLAN REQUIREMENT.**—Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended by adding at the end the following: “The State agency shall ensure that its offices and points of issuance are open at sufficient locations and during sufficient hours to ensure that applicants and participants who are employed or who are participating in an education, training, work, or rehabilitation program under section 6(d) of this Act, under title IV of the Social Security Act (42 U.S.C. 601 et seq.), or under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) may (A) comply with the requirements of the food stamp pro-

1 gram (including reporting changes, providing verification, ap-
2 pearing at interviews, and submitting applications and re-
3 quests for recertification), and (B) obtain and use certification
4 documents and coupons without missing or rescheduling
5 hours of employment or hours of participation in such educa-
6 tion, training, work, or rehabilitation program.”.

7 (b) STANDARDS.—Section 16(b)(1) of the Food Stamp
8 Act of 1977 (7 U.S.C. 2025(b)(1)) is amended by inserting “,
9 and individuals participating in employment and training pro-
10 grams,” after “employed individuals”.

11 SEC. 1015. NOTICE OF EXPIRATION; COORDINATED APPLICA-
12 TION.

13 (a) NOTICE OF EXPIRATION.—Section 11(e)(4) of the
14 Food Stamp Act of 1977 (7 U.S.C. 2020(e)(4)) is amended by
15 inserting “informing the household of its rights under subsec-
16 tions (i) and (j) and” after “last month of its certification
17 period”.

18 (b) COORDINATED APPLICATION.—The second sen-
19 tence of section 11(i) of the Food Stamp Act of 1977 (7
20 U.S.C. 2020(i)) is amended to read as follows:

21 “In addition to implementing clauses (1) through (4) of the
22 preceding sentence, the State shall inform applicants for ben-
23 efits under part A of title IV of the Social Security Act that
24 they may file, along with their application for such benefits

1 and without a separate food stamp interview, an application
2 for benefits under this Act.”.

3 SEC. 1016. WASHINGTON FAMILY INDEPENDENCE DEMON-
4 STRATION PROJECT.

5 The Food Stamp Act of 1977 (7 U.S.C. 2011–2029) is
6 amended by adding at the end the following:

7 “WASHINGTON FAMILY INDEPENDENCE DEMONSTRATION
8 PROJECT

9 “SEC. 21. (a) On the written application of the State of
10 Washington (in this section referred to as the ‘State’) and
11 after the approval of such application by the Secretary, the
12 State may conduct a Family Independence Demonstration
13 Project (in this section referred to as the ‘Project’) in all or
14 part of the State in accordance with this section to determine
15 whether the Project, as an alternative to providing benefits
16 under the food stamp program, would more effectively break
17 the cycle of poverty and would provide families with opportu-
18 nities for economic independence and strengthened family
19 functioning.

20 “(b) In an application submitted under subsection (a),
21 the State shall provide the following:

22 “(1) Except as provided in this section, the provi-
23 sions of chapter 434 of the 1987 Washington Laws, as
24 enacted in May 1987, shall apply to the operation of
25 the Project.

1 “(2) All of the following terms and conditions
2 shall be in effect under the Project:

3 “(A)(i) Except as provided in clause (ii), indi-
4 viduals with respect to whom benefits may be
5 paid under part A of title IV of the Social Securi-
6 ty Act, and such other individuals as are included
7 in the Project under chapter 434 of the 1987
8 Washington Laws, as enacted in May 1987, shall
9 be eligible to participate in the Project in lieu of
10 receiving benefits under the food stamp program
11 and cash assistance under any other Federal pro-
12 gram covered by the Project.

13 “(ii) Individuals who receive only child care
14 or medical benefits under the Project shall not be
15 eligible to receive food assistance under the
16 Project. Such individuals may receive coupons
17 under the food stamp program if eligible.

18 “(B) Individuals who participate in the
19 Project shall receive for a month an amount of
20 cash assistance that is not less than the total
21 value of the assistance such individuals would oth-
22 erwise receive, in the aggregate, under the food
23 stamp program and any cash-assistance Federal
24 program covered by the Project for such month,
25 including income and resource exclusions and de-

1 ductions in effect as of January 1, 1988, and as
2 adjusted to reflect all subsequent increases in ex-
3 clusions, deductions, and benefit levels.

4 “(C)(i) The State may provide a standard
5 benefit for food assistance under the Project,
6 except that individuals who participate in the
7 Project shall receive as food assistance for a
8 month an amount of cash that is not less than the
9 value of the assistance such individuals would
10 otherwise receive under the food stamp program.

11 “(ii) The State may provide a cash benefit
12 for food assistance equal to the value of the thrifty
13 food plan.

14 “(D) For purposes of subparagraphs (B) and
15 (C), the value of the assistance such individuals
16 would otherwise receive under the food stamp
17 program shall be determined without regard to in-
18 dividuals who are not participating in the Project.

19 “(E) Each month participants in the Project
20 shall be notified by the State of the amount of
21 Project assistance that is provided as food assist-
22 ance for such month.

23 “(F) The State shall have a program to re-
24 quire participants to engage in employment and
25 training activities carried out under chapter 434

1 of the 1987 Washington Laws, as enacted in May
2 1987.

3 “(G) Food assistance shall be provided under
4 the Project—

5 “(i) to any individual who is accepted
6 for participation in the Project, not later than
7 30 days after such individual applies to par-
8 ticipate in the Project;

9 “(ii) to any participant for the period
10 that begins on the date such participant ap-
11 plies to participate in the Project, except
12 that the amount of such assistance shall be
13 reduced to reflect the pro rata value of any
14 coupons received under the food stamp pro-
15 gram for such period for the benefit of such
16 participant; and

17 “(iii) until—

18 “(I) the participant’s cash assist-
19 ance under the Project is terminated;

20 “(II) such participant is informed
21 of such termination and is advised of
22 the eligibility requirements for participa-
23 tion in the food stamp program;

24 “(III) the State determines wheth-
25 er such participant will be eligible, after

1 terminating participation in the Project,
2 to receive coupons as a member of a
3 household under the food stamp pro-
4 gram; and

5 “(IV) coupons under the food
6 stamp program are received by such
7 participant if such participant will be el-
8 igible to receive coupons as a member
9 of a household under the food stamp
10 program.

11 “(H)(i) Paragraphs (1)(B), (8), (10), and (19)
12 of section 11(e) of this Act shall apply with re-
13 spect to participants in the Project in the same
14 manner as such paragraphs apply with respect to
15 participants in the food stamp program.

16 “(ii) Each individual who contacts the State
17 in person during office hours to make what may
18 reasonably be interpreted as an oral or written re-
19 quest to participate in the Project shall receive
20 and shall be permitted to file, on the same day
21 that such contact is first made, an application
22 form to participate in the Project.

23 “(iii) The Project shall provide for telephone
24 contact by, mail delivery of forms to and mail
25 return of forms by, and subsequent home or tele-

1 phone interview with, elderly persons, physically
2 or mentally handicapped persons, and persons oth-
3 erwise unable, solely because of transportation dif-
4 ficulties and similar hardships, to appear in
5 person.

6 “(iv) An individual who applies to participate
7 in the Project may be represented by another
8 person in the review process if the other person
9 has been clearly designated as the representative
10 of such individual for that purpose, by such indi-
11 vidual or the spouse of such individual, and, in the
12 case of the application review process, the repre-
13 sentative is an adult who is sufficiently aware of
14 relevant circumstances, except that the State
15 may—

16 “(I) restrict the number of individuals
17 who may be represented by such person; and

18 “(II) otherwise establish criteria and
19 verification standards for representation
20 under this clause.

21 “(v) The State shall provide a method for re-
22 viewing applications to participate in the Project
23 submitted by, and distributing food assistance
24 under the Project to, individuals who do not
25 reside in permanent dwellings or who have no

1 fixed mailing address. In carrying out the preced-
2 ing sentence, the State shall take such steps as
3 are necessary to ensure that participation in the
4 Project is limited to eligible individuals.

5 “(3) An assurance that the State will allow any
6 individual to apply to participate in the food stamp pro-
7 gram without applying to participate in the Project.

8 “(4) An assurance that the cost of food assistance
9 provided under the Project will not be such that the
10 aggregate amount of payments made under this section
11 by the Secretary to the State over the period of the
12 Project will exceed the sum of—

13 “(A) the anticipated aggregate value of the
14 coupons that would have been distributed under
15 the food stamp program if the individuals who
16 participate in the Project had participated instead
17 in the food stamp program; and

18 “(B) the portion of the administrative costs
19 for which the State would have received reim-
20 bursement under—

21 “(i) subsections (a) and (g) of section 16
22 of this Act (without regard to the first provi-
23 so to such subsection (g)) if the individuals
24 who participated in the Project had partici-
25 pated instead in the food stamp program; and

1 “(ii) section 16(h) of this Act if the indi-
2 viduals who participated in the Project had
3 participated in an employment and training
4 program under section 6(d)(4) of this Act;
5 except that this paragraph shall not be construed to
6 prevent the State from claiming payments for addition-
7 al households that would qualify for benefits under the
8 food stamp program in the absence of a cash out of
9 such benefits as a result of any change in an economic,
10 demographic, and other condition in the State or a sub-
11 sequent change in a benefit level approved by the State
12 legislature. For purposes of this paragraph, the value
13 of the coupons that would have been distributed under
14 the food stamp program if the individuals who partici-
15 pate in the Project had participated instead in the food
16 stamp program shall be determined without regard to
17 individuals who are not participating in the Project.

18 “(5) An assurance that the State will continue to
19 carry out the food stamp program while the State car-
20 ries out the Project.

21 “(6) If there is a change in existing State law
22 that would eliminate guaranteed benefits or reduce the
23 rights of applicants or participants under this section
24 during, or as a result of participation in, the Project,
25 the Project shall be terminated.

1 “(7) An assurance that the Project shall include
2 procedures and due process guarantees no less benefi-
3 cial than those that are available under Federal law
4 and under State law to participants in the food stamp
5 program.

6 “(8)(A) An assurance that, except as provided in
7 subparagraph (B), the State will carry out the Project
8 during a 5-year period beginning on the date the first
9 individual is approved for participation in the Project.

10 “(B) The Project may be terminated 180 days
11 after—

12 “(i) the State gives notice to the Secretary
13 and to the Secretary of Health and Human Serv-
14 ices that it intends to terminate the Project; or

15 “(ii) the Secretary, after notice and an op-
16 portunity for a hearing, determines that the State
17 materially failed to comply with this section.

18 “(c) If an application submitted under subsection (a) by
19 the State complies with the requirements specified in subsec-
20 tion (b), then the Secretary shall—

21 “(1) approve such application; and

22 “(2) from funds appropriated under this Act, pay
23 the State for—

24 “(A) the actual cost of the food assistance
25 provided under the Project; and

1 “(B) the percentage of the administrative
2 costs incurred by the State to provide food assist-
3 ance under the Project that is equal to the per-
4 centage of the State’s aggregate administrative
5 costs incurred in operating the food stamp pro-
6 gram in the most recent fiscal year for which data
7 are available that was paid under subsections (a),
8 (g), and (h) of section 16 of this Act.

9 “(d)(1) Unless and until an application to participate in
10 the Project is approved, and food assistance under the
11 Project is made available to the applicant—

12 “(A) such application shall also be treated as an
13 application to participate in the food stamp program;
14 and

15 “(B) section 11(e)(9) shall apply with respect to
16 such application.

17 “(2) Coupons provided under the food stamp program
18 with respect to an individual who—

19 “(A) is participating in such program; and

20 “(B) applies to participate in the Project;
21 may not be reduced or terminated because such individual
22 applies to participate in the Project.

23 “(3) For purposes of the food stamp program, individ-
24 uals who participate in the Project shall not be considered

1 to be members of a household during the period of such
2 participation.

3 “(e) The Secretary shall waive (with respect to the
4 Project) compliance with any requirement contained in the
5 Food Stamp Act of 1977 (other than this section) that (if
6 applied) would prevent the State from carrying out the
7 Project or effectively achieving its purpose.

8 “(f) For purposes of any other Federal, State, or local
9 law—

10 “(1) cash assistance provided under the Project
11 that represents food assistance shall be treated in the
12 same manner as coupons provided under the food
13 stamp program are treated; and

14 “(2) participants who receive food assistance
15 under the Project shall be treated in the same manner
16 as recipients of coupons under the food stamp program
17 are treated.

18 “(g) The Comptroller General of the United States
19 shall—

20 “(1) conduct periodic audits of the operation of
21 the Project to verify the amounts payable to the State
22 from time to time under subsection (b)(4); and

23 “(2) submit to the Secretary of Agriculture, the
24 Secretary of Health and Human Services, the Commit-
25 tee on Agriculture of the House of Representatives,

1 and the Committee on Agriculture, Nutrition, and For-
2 estry of the Senate a report describing the results of
3 each such audit.

4 “(h) With funds appropriated under section 18(a)(1), the
5 Secretary shall conduct, in consultation with the Secretary of
6 Health and Human Services, an evaluation of the Project.”.

7 **SEC. 1017. FAMILY INDEPENDENCE DEMONSTRATION**
8 **PROJECTS.**

9 (a) **AUTHORITY FOR PROJECTS.**—The Food Stamp Act
10 of 1977 (7 U.S.C. 2011–2029), as amended by section 1016,
11 is amended by adding at the end the following:

12 **“OTHER FAMILY INDEPENDENCE DEMONSTRATION**
13 **PROJECTS**

14 **“SEC. 22. (a)** On the written application of a State and
15 after the approval of such application by the Secretary, the
16 State may conduct a Family Independence Demonstration
17 Project (in this section referred to as the ‘Project’) in all or
18 part of the State in accordance with this section to determine
19 whether the Project, as an alternative to providing benefits
20 under the food stamp program, would more effectively break
21 the cycle of poverty and would provide families with opportu-
22 nities for economic independence and strengthened family
23 functioning.

24 **“(b)** In an application submitted under subsection (a),
25 the State shall provide the following:

1 “(1) Except as provided in this section, laws of
2 the State identical in substance to the provisions of
3 chapter 434 of the 1987 Washington Laws, as enacted
4 in May 1987, shall apply to the operation of the
5 Project.

6 “(2) All of the following terms and conditions
7 shall be in effect under the Project:

8 “(A)(i) Except as provided in clause (ii), indi-
9 viduals with respect to whom benefits may be
10 paid under part A of title IV of the Social Securi-
11 ty Act, and such other individuals of the kind as
12 are included in the Project conducted under sec-
13 tion 21 and pursuant to chapter 434 of the 1987
14 Washington Laws, as enacted in May 1987, shall
15 be eligible to participate in the Project in lieu of
16 receiving benefits under the food stamp program
17 and cash assistance under any Federal program
18 covered by the Project.

19 “(ii) Individuals who receive only child care
20 or medical benefits under the Project shall not be
21 eligible to receive food assistance under the
22 Project. Such individuals may receive coupons
23 under the food stamp program if eligible.

24 “(B) Individuals who participate in the
25 Project shall receive for a month—

1 “(i) an amount of cash that is not less
2 than the total value of the assistance such
3 individuals would otherwise receive, in the
4 aggregate, under any cash-assistance Federal
5 program covered by the Project, and

6 “(ii) coupons that have a cash value
7 that is not less than the total value of the as-
8 sistance such individuals would otherwise re-
9 ceive under the food stamp program,
10 for such month, including income and resource ex-
11 clusions and deductions in effect as of January 1,
12 1988, and as adjusted to reflect all subsequent in-
13 creases in exclusions, deductions, and benefit
14 levels.

15 “(C)(i) The State may provide a standard
16 benefit for food assistance under the Project,
17 except that individuals who participate in the
18 Project shall receive as food assistance for a
19 month coupons that have a total value that is not
20 less than the value of the assistance such individ-
21 uals would otherwise receive under the food
22 stamp program.

23 “(ii) The State may provide a benefit for food
24 assistance equal to the value of the thrifty food
25 plan.

1 “(D) For purposes of subparagraphs (B) and
2 (C), the value of the assistance such individuals
3 would otherwise receive under the food stamp
4 program shall be determined without regard to in-
5 dividuals who are not participating in the Project.

6 “(E) Each month participants in the Project
7 shall be notified by the State of the amount of
8 Project assistance that is provided as food assist-
9 ance for such month.

10 “(F) The State shall have a program to re-
11 quire participants to engage in employment and
12 training activities carried out under laws identical
13 in substance to chapter 434 of the 1987 Washing-
14 ton Laws, as enacted in May 1987.

15 “(G) Food assistance shall be provided under
16 the Project—

17 “(i) to any individual who is accepted
18 for participation in the Project, not later than
19 30 days after such individual applies to par-
20 ticipate in the Project;

21 “(ii) to any participant for the period
22 that begins on the date such participant ap-
23 plies to participate in the Project, except
24 that the amount of such assistance shall be
25 reduced to reflect the pro rata value of any

1 coupons received under the food stamp pro-
2 gram for such period for the benefit of such
3 participant; and

4 “(iii) until—

5 “(I) the participant’s assistance
6 under the Project is terminated;

7 “(II) such participant is informed
8 of such termination and is advised of
9 the eligibility requirements for participa-
10 tion in the food stamp program;

11 “(III) the State determines wheth-
12 er such participant will be eligible, after
13 terminating participation in the Project,
14 to receive coupons as a member of a
15 household under the food stamp pro-
16 gram; and

17 “(IV) coupons under the food
18 stamp program are received by such
19 participant if such participant will be el-
20 igible to receive coupons as a member
21 of a household under the food stamp
22 program.

23 “(H)(i) Paragraphs (1)(B), (8), (10), and (19)
24 of section 11(e) of this Act shall apply with re-
25 spect to participants in the Project in the same

manner as such paragraphs apply with respect to participants in the food stamp program.

“(ii) Each individual who contacts the State in person during office hours to make what may reasonably be interpreted as an oral or written request to participate in the Project shall receive and shall be permitted to file, on the same day that such contact is first made, an application form to participate in the Project.

“(iii) The Project shall provide for telephone contact by, mail delivery of forms to and mail return of forms by, and subsequent home or telephone interview with, elderly persons, physically or mentally handicapped persons, and persons otherwise unable, solely because of transportation difficulties and similar hardships, to appear in person.

“(iv) An individual who applies to participate in the Project may be represented by another person in the review process if the other person has been clearly designated as the representative of such individual for that purpose, by such individual or the spouse of such individual, and, in the case of the application review process, the representative is an adult who is sufficiently aware of

1 relevant circumstances, except that the State
2 may—

3 “(I) restrict the number of individuals
4 who may be represented by such person; and

5 “(II) otherwise establish criteria and
6 verification standards for representation
7 under this clause.

8 “(v) The State shall provide a method for re-
9 viewing applications to participate in the Project
10 submitted by, and distributing food assistance
11 under the Project to, individuals who do not
12 reside in permanent dwellings or who have no
13 fixed mailing address. In carrying out the preced-
14 ing sentence, the State shall take such steps as
15 are necessary to ensure that participation in the
16 Project is limited to eligible individuals.

17 “(3) An assurance that the State will allow any
18 individual to apply to participate in the food stamp pro-
19 gram without applying to participate in the Project.

20 “(4) An assurance that the cost of food assistance
21 provided under the Project will not be such that the
22 aggregate amount of payments made under this section
23 by the Secretary to the State (including the cash value
24 of coupons provided to the State for distribution under

1 the Project) over the period of the Project will exceed
2 the sum of—

3 “(A) the anticipated aggregate value of the
4 coupons that would have been distributed under
5 the food stamp program if the individuals who
6 participate in the Project had participated instead
7 in the food stamp program; and

8 “(B) the portion of the administrative costs
9 for which the State would have received reim-
10 bursement under—

11 “(i) subsections (a) and (g) of section 16
12 of this Act (without regard to the first provi-
13 so to such subsection (g)) if the individuals
14 who participated in the Project had partici-
15 pated instead in the food stamp program; and

16 “(ii) section 16(h) of this Act if the indi-
17 viduals who participated in the Project had
18 participated in an employment and training
19 program under section 6(d)(4) of this Act;

20 except that this paragraph shall not be construed to
21 prevent the State from claiming payments for addition-
22 al households that would qualify for benefits under the
23 food stamp program in the absence of food assistance
24 provided under the Project as a result of any change in
25 an economic, demographic, and other condition in the

1 State or a subsequent change in a benefit level ap-
2 proved by the State legislature. For purposes of this
3 paragraph, the value of the coupons that would have
4 been distributed under the food stamp program if the
5 individuals who participate in the Project had partici-
6 pated instead in the food stamp program shall be deter-
7 mined without regard to individuals who are not par-
8 ticipating in the Project.

9 “(5) An assurance that the State will continue to
10 carry out the food stamp program while the State car-
11 ries out the Project.

12 “(6) If there is a change in existing State law
13 that would eliminate guaranteed benefits or reduce the
14 rights of applicants or participants under this section
15 during, or as a result of participation in, the Project,
16 the Project shall be terminated.

17 “(7) An assurance that the Project shall include
18 procedures and due process guarantees no less benefi-
19 cial than those that are available under Federal law
20 and under State law to participants in the food stamp
21 program.

22 “(8)(A) An assurance that, except as provided in
23 subparagraph (B), the State will carry out the Project
24 during a 5-year period beginning on the date the first
25 individual is approved for participation in the Project.

1 “(B) The Project may be terminated 180 days
2 after—

3 “(i) the State gives notice to the Secretary
4 and to the Secretary of Health and Human Serv-
5 ices that it intends to terminate the Project; or

6 “(ii) the Secretary, after notice and an op-
7 portunity for a hearing, determines that the State
8 materially failed to comply with this section.

9 “(c) If an application submitted under subsection (a) by
10 the State complies with the requirements specified in subsec-
11 tion (b), then the Secretary shall—

12 “(1) approve such application; and

13 “(2) from funds appropriated under this Act, pay
14 the State for—

15 “(A) the actual cost of the food assistance
16 provided under the Project; and

17 “(B) the percentage of the administrative
18 costs incurred by the State to provide food assist-
19 ance under the Project that is equal to the per-
20 centage of the State’s aggregate administrative
21 costs incurred in operating the food stamp pro-
22 gram in the most recent fiscal year for which data
23 are available that was paid under subsections (a),
24 (g), and (h) of section 16 of this Act;

1 except that the Secretary may not approve more than 10
2 applications submitted under subsection (a).

3 “(d)(1) Unless and until an application to participate in
4 the Project is approved, and food assistance under the
5 Project is made available to the applicant—

6 “(A) such application shall also be treated as an
7 application to participate in the food stamp program;
8 and

9 “(B) section 11(e)(9) shall apply with respect to
10 such application.

11 “(2) Coupons provided under the food stamp program
12 with respect to an individual who—

13 “(A) is participating in such program; and

14 “(B) applies to participate in the Project;
15 may not be reduced or terminated because such individual
16 applies to participate in the Project.

17 “(3) For purposes of the food stamp program, individ-
18 uals who participate in the Project shall not be considered to
19 be members of a household during the period of such partici-
20 pation.

21 “(e) The Secretary shall waive (with respect to the
22 Project) compliance with any requirement contained in the
23 Food Stamp Act of 1977 (other than this section) that, if
24 applied, would prevent the State from carrying out the
25 Project or effectively achieving its purpose.

1 “(f) For purposes of any other Federal, State, or local
2 law—

3 “(1) food assistance provided under the Project
4 shall be treated in the same manner as coupons provid-
5 ed under the food stamp program are treated; and

6 “(2) participants who receive food assistance
7 under the Project shall be treated in the same manner
8 as recipients of coupons under the food stamp program
9 are treated.

10 “(g) The Comptroller General of the United States
11 shall—

12 “(1) conduct periodic audits of the operation of
13 the Project to determine the amounts payable to the
14 State from time to time under subsection (b)(4); and

15 “(2) submit to the Secretary of Agriculture, the
16 Secretary of Health and Human Services, the Commit-
17 tee on Agriculture of the House of Representatives,
18 and the Committee on Agriculture, Nutrition, and For-
19 estry of the Senate a report describing the results of
20 each such audit.

21 “(h) For purposes of this section, the term ‘State’ means
22 any of the fifty States, except that such term does not include
23 the State of Washington.

24 “(i) With funds appropriated under section 18(a)(1), the
25 Secretary shall conduct, in consultation with the Secretary of

1 Health and Human Services, an evaluation of the projects
2 carried out under this section.”.

3 (b) TECHNICAL AMENDMENT.—Section 3(m) of the
4 Food Stamp Act of 1977 (7 U.S.C. 2012(m)) is amended by
5 striking out “ ‘State’ ” and inserting in lieu thereof “Except
6 as provided in section 22(h), ‘State’ ”.

7 SEC. 1018. ISSUANCE OF RULES.

8 Not later than January 1, 1988, the Secretary of Agri-
9 culture shall issue rules to carry out the amendments made
10 by this title, other than the amendments made by sections
11 1016 and 1017.

12 SEC. 1019. SEVERABILITY.

13 If any provision of this title or of an amendment made
14 by this title, or the application of such provision to any
15 person or circumstance, is held to be invalid, the remainder of
16 this title and of the amendments made by this title, and the
17 application of such provision to other persons or circum-
18 stances, shall not be affected thereby.

19 SEC. 1020. EFFECTIVE DATES; APPLICATION OF AMEND-
20 MENTS.

21 (a) GENERAL EFFECTIVE DATES.—(1) This section
22 and section 1019 shall take effect on the date of the enact-
23 ment of this Act.

24 (2) Except as provided in subsections (b) and (c), this
25 title (other than this section and section 1019) and the

1 amendments made by this title shall take effect on the date, if
2 any, on which the Director of the Congressional Budget
3 Office certifies to the Congress that the Director has made
4 the determination specified in subsection (d).

5 (b) SPECIFIC EFFECTIVE DATES.—Except as provided
6 in subsections (c) and (d)—

7 (1) the amendments made by sections 1003, 1004,
8 and 1011 shall take effect on July 1, 1988,

9 (2) the amendments made by section 1012 shall
10 take effect on October 1, 1988, and

11 (3) the amendments made by sections 1016 and
12 1017 shall take effect on January 1, 1988.

13 (c) APPLICATION OF AMENDMENTS.—An amendment
14 made by this title shall not apply with respect to any certifi-
15 cation period beginning before the effective date of such
16 amendment.

17 (d) CONTINGENCY.—(1) This title (other than this sec-
18 tion and section 1019) and the amendments made by this title
19 shall take effect only if the aggregate reduction in the Feder-
20 al deficits in fiscal years 1988, 1989, and 1990, as deter-
21 mined by the Director of the Congressional Budget Office in
22 accordance with paragraph (2), exceeds the aggregate reduc-
23 tion in the Federal deficits for such fiscal years required to be
24 achieved under the budget reduction instructions contained in
25 section 4 of the concurrent resolution on the budget for fiscal



1 year 1988 (H. Con. Res. 93), as adopted by the 100th Con-
2 gress, by an amount not less than the aggregate cost of car-
3 rying out the amendments made by this title for such fiscal
4 years.

5 (2) The determination described in paragraph (1) shall
6 be made by the Director of the Congressional Budget Office
7 by comparing the aggregate reductions in the Federal deficits
8 for fiscal years 1988, 1989, and 1990 achieved under the
9 reconciliation legislation, as adopted by Congress pursuant to
10 the deficit reduction instructions in section 4 of the concur-
11 rent resolution on the budget for fiscal year 1988 (H. Con.
12 Res. 93) against the baseline estimates of the Federal deficits
13 for such fiscal years issued by the Congressional Budget
14 Office in February 1987.

Passed the House of Representatives December 16,
1987.

Attest:

DONNALD K. ANDERSON,

Clerk.